

APPRAISAL REPORT

Former Provident Mutual Life Insurance Company Building



***4601 Market Street
Philadelphia, Pennsylvania 19139***

As of

June 7, 2018

Prepared For

***Thomas Dalfo
Senior Vice President of Real Estate Services***

Philadelphia Industrial Development Corporation

***1500 Market Street - Suite 2600
Philadelphia, PA 19102***

Appraisal File: 2018-018

Prepared by

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October 15, 2018

Mr. Thomas Dalfo
Philadelphia Industrial Development Corporation
1500 Market Street - Suite 2600
Philadelphia, PA 19102

Re: ***Short Narrative Report***
Former Provident Mutual Life Insurance Company Building
4601 Market Street
Philadelphia, Pennsylvania 19139

File Number: 2018-018

Dear Mr. Dalfo:

At your request, we have prepared an appraisal for the above referenced property. Please reference page 14 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology.

The problem to be solved is to estimate the 'As-Is' value of the subject property.

- The main building is a six-story, 325,000 square foot masonry building plus basement that is in shell condition. The second building is a one-story, 11,000 square foot brick former power plant. Total gross building area is 336,000 square feet on 13.1 acres.
- The site is located on the north side of Market St. between N. 46th and N. 48th Sts. It is irregular in outline and extends to Haverford Ave. on the North.
- The campus is one of the largest sites in the neighborhood and is next to a major elevated train station rebuilt ten years ago.
- The site has two major corners on Market Street on the northwest corner of N. 46th Street and on the northeast corner of N. 48th Street. The site has 770 feet of frontage on Market Street, 681 feet on the westside of N. 46th Street, 417 feet of frontage on the eastside of N. 48th Street and 310 feet of frontage on the southside of Haverford Avenue. Market Street is 100 foot wide two way street with the Market-Frankford Elevated line running overhead and the 46th Street Station located across from the subject. The remaining frontages of N. 46th Street, N. 48th Street and Haverford Avenue are 80 foot wide and are two way streets.

- The existing building coverage with supporting ground is approximately 5.2 acres and the proposed parking lot is 3.8 acres. This is about 9 acres of the 13.1 acres total. The remainder is the excess land estimated at 4.1 acres.
- The subject is located in a CMX-3 - Community Commercial and Mixed-Use District. CMX-3 zoning permits a range of commercial and mixed use commercial residential use. Residential use includes both single-family and multi-family uses. Additionally, zoning bonuses up to 300% are permitted for Mixed-Income Housing and for Green Buildings. A special exception is required for surface parking. Part of the site is governed by the Transit Oriented Development Overlay District (TOD) which extends 500 ft. from the 46th St. elevated train station. The overlay requires that any new building be built to street level, as opposed to being set back on an elevated site. The district is intended to promote the use of public transit and to create developments that are pedestrian friendly and depend less on the use of cars.
- The Provident Mutual Life Insurance Company building was built in 1929. The existing improvements are classical in design and layout and are situated on a campus setting. The building was partially renovated in 2014 including a new roof, removal of asbestos, removal of non-bearing interior walls and general excavation. Total hard construction rehabilitation costs were about \$100 per square foot, or \$32.5 million. These improvements have maintained the structural integrity of the building for potential redevelopment of building listed on the National Register of Historic Properties.
- While in need of total renovation, the building is structurally sound. Rehabilitating the building would extend its economic life. Placement on the National Register for Historic Properties, qualifies the property for historic preservation tax credits. On a price per square foot basis, the indicated value of the building is considerably less than the cost of the 2014 renovations. This value reflects what a developer can afford to pay to make redevelopment possible, as illustrated by the shell building sales utilized in the Sales Comparison Approach.
- The site's excess land of about 4 acres with four street frontages allows for future development. The campus setting offers the potential for a long-term community development in accordance with CMX-3 - Community Commercial and Mixed-Use District zoning which is intended to accommodate community mixed-use development, including retail and service uses. The Transit Overlay District (TDO) has development incentives for location across from the 46th Street Elevated SEPTA line. While the campus setting was suitable for office use in the past, current development in the City places a premium on large parcels that can be subdivided for complementary uses.
- The highest and best use as improved is for a use consistent with CMX-3 zoning and the Transit Development Overlay (TDO) including mixed commercial use with retail, office, community facilities and potentially residential single-family or multi-family development.
- The implied assessed value is above market value. While the property is currently tax exempt, a prospective buyer should make a tax assessment appeal.
- In estimating the value of the subject property, the existing improvements with surrounding land area and the parking area for the existing building were developed by considering large building sales in similar condition as well as land sales for the parking area. The excess ground for potential development was estimated by considering the value of the individual land parcels for future development. Utilizing the Development Approach, a combination of the Sales Comparison Approach and the Income Approach, these land values were discounted for future sellout (development) over the development period.

A complete interior and exterior inspection of the former Provident Mutual Life Insurance Company building has been made, and photographs taken. The power plant was inspected on the exterior only. Building plans and cost of previous renovations were provided by the client as well as information from news articles. Proposed plans and cost estimates of developer were also provided by client. The excess land estimate was not provided by the client or developer but was estimated for analysis purposes.

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 197). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following Hypothetical Condition and or Extraordinary Assumption. These could affect the value of the subject property.

Hypothetical Conditions:

- None

Extraordinary Assumptions:

- None

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), we have made the following value conclusion(s):

Current "As-Is" Market Value:

The "As-Is" market value of the Fee Simple estate of the property as of June 7, 2018, is

\$10,000,000
TEN MILLION DOLLARS

The market exposure time¹ preceding June 7, 2018 would have been 9 to 24 months.

We certify that we have no present or contemplated future interest in the property beyond this estimate of value. The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.

We assume no responsibility for matters, which are legal in nature, or for any opinion on the title rendered herewith. This appraisal assumes good title. Any liens or encumbrances, which may exist, have been disregarded, and the property appraised as though free and clear of any indebtedness.

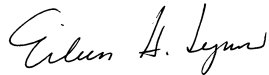
¹ Exposure Time: see definition on page 10.

Page 4
Mr. Dalfo
Philadelphia Industrial Development Corporation

This letter is invalid if not accompanied by the attached appraisal report and addendum with exhibits. We trust this report is sufficient for your purposes.

Respectfully submitted,

E. H. Lynn & Associates

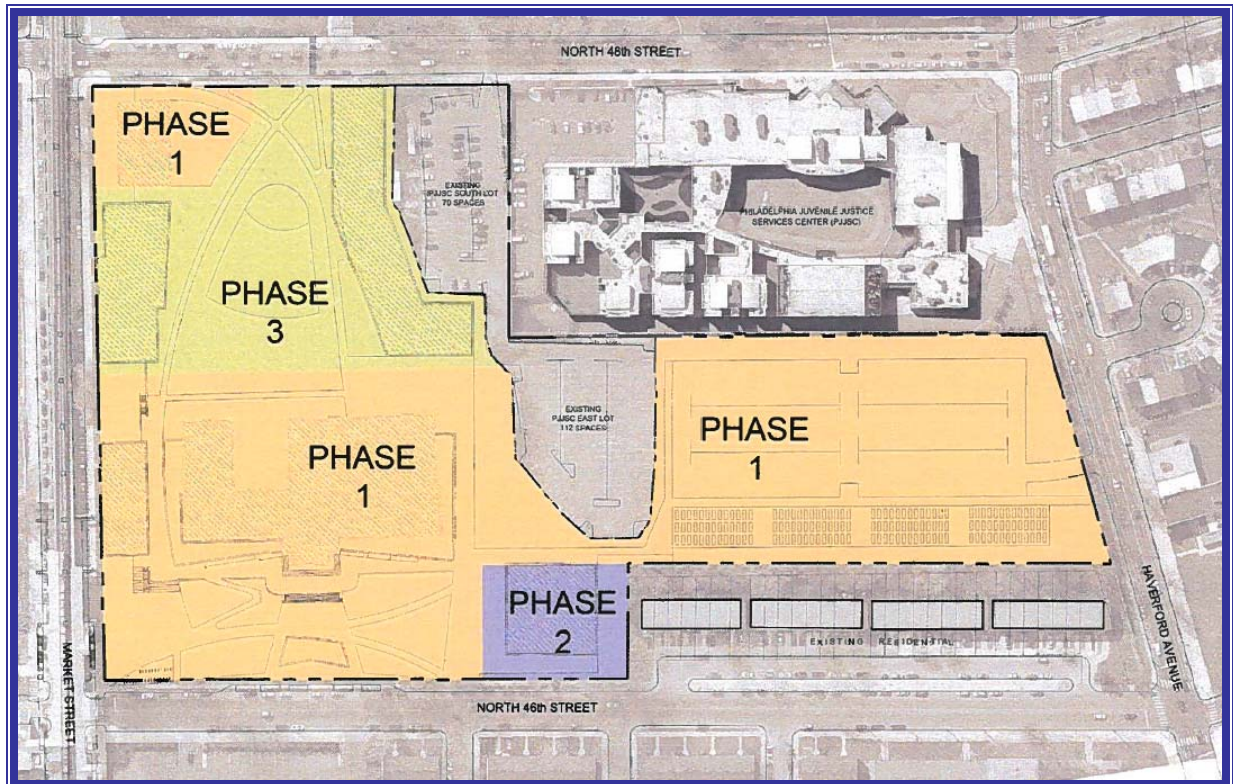
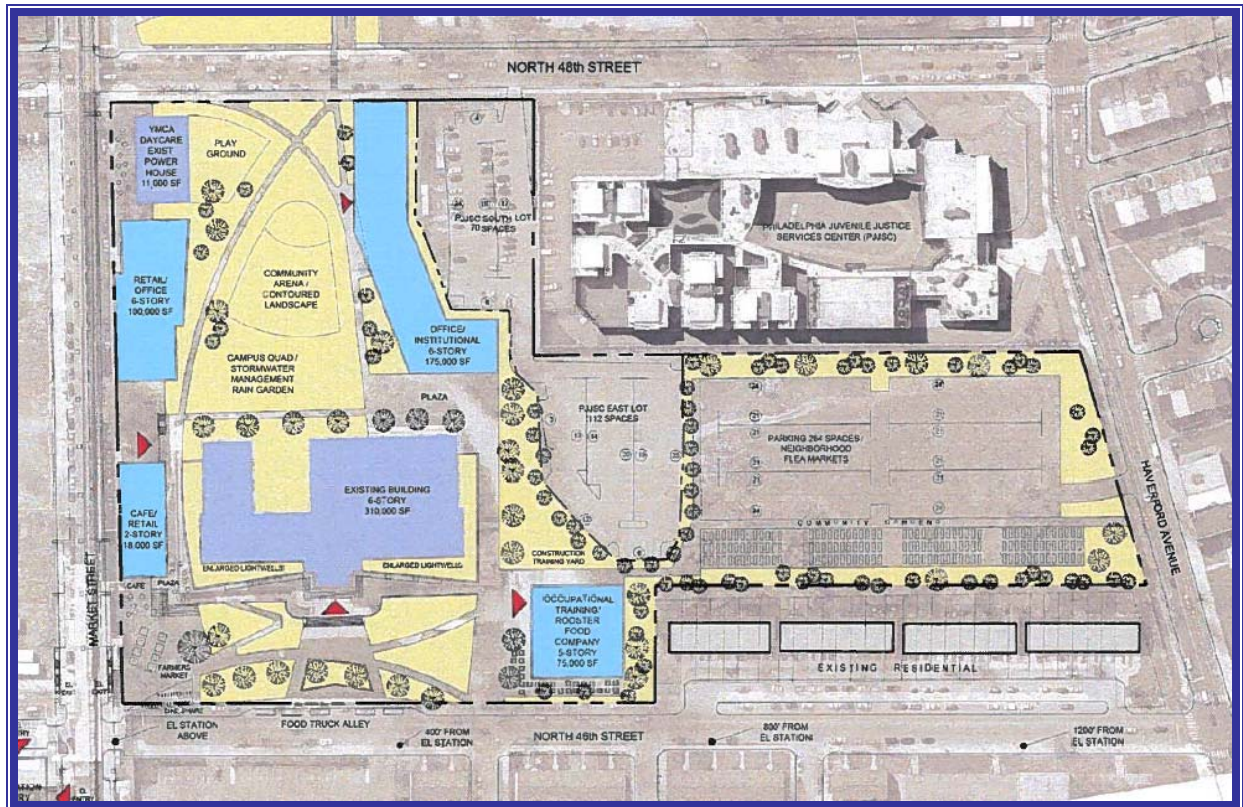
A handwritten signature in cursive script that reads "Eileen H. Lynn".

Eileen H. Lynn, MAI, AI-GRS, MRICS, R/W-AC
State Certified Real Estate Appraiser
Pennsylvania Certificate No. GA-000621-L
EileenHLynn@aol.com

AERIAL MAP – EXISTING SUBJECT SITE



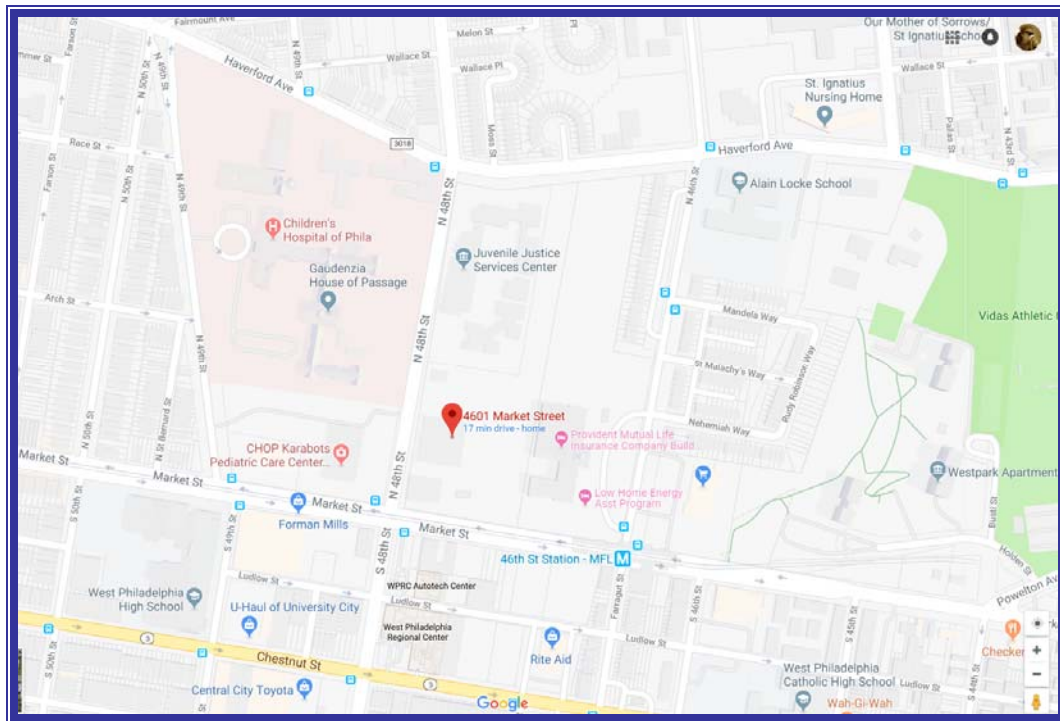
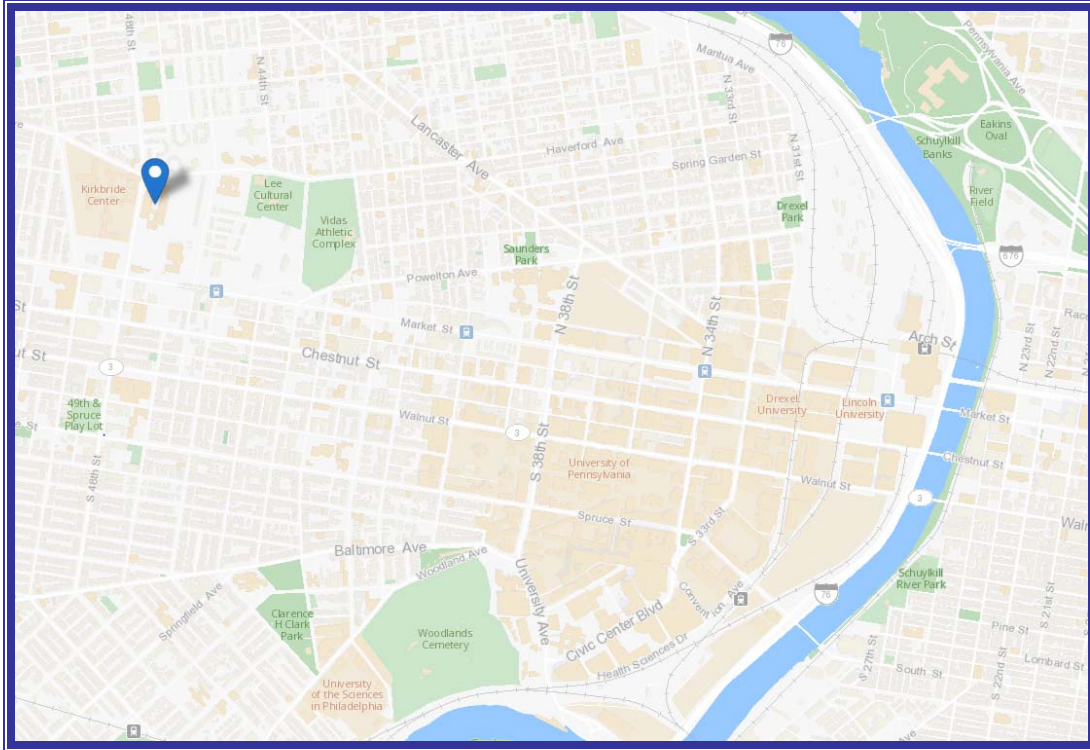
PROPOSED SUBJECT SITE



FORMER PROVIDENT MUTUAL LIFE INSURANCE COMPANY BUILDING



LOCAL MAPS



ZONING MAP

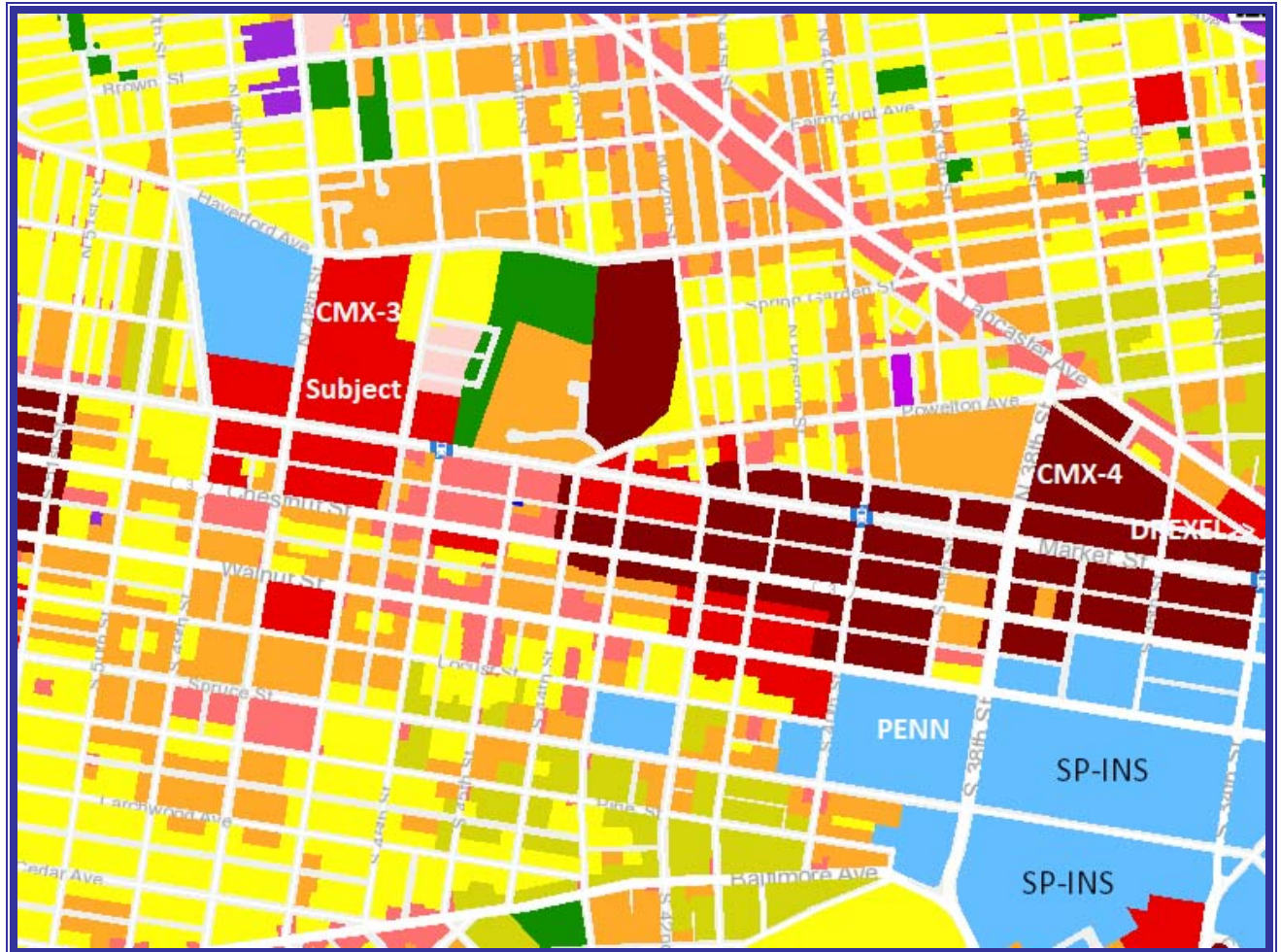


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PART I: INTRODUCTION

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

GENERAL

GENERAL	
SUBJECT	4601 Market Street Philadelphia County, Pennsylvania 19139
OWNER	City of Philadelphia Department of Public Property
TAX IDENTIFICATION	774608200
DATE OF REPORT	October 15, 2018
INTENDED USE	The intended use of the appraisal is for possible disposition by the City of Philadelphia.
INTENDED USER	Philadelphia Industrial Development Corporation (PIDC)
ASSESSED VALUE	\$105,685,800 at 99.01% Implied Market Value: \$106,742,551 The implied assessed value is above market value. While the property is currently tax exempt, a prospective buyer should make a tax assessment appeal.
TAXES	\$1,540,053

PROPERTY

PROPERTY			
LAND AREA	Total: 570,636 square feet; 13.10 acres		
IMPROVEMENTS	The main building is a six-story, 325,000 square foot masonry building plus basement that is in shell condition. The second building is a one-story, 11,000 square foot brick former power plant. Total gross building area is 336,000 square feet on 13.1 acres.		
YEAR BUILT/RENOVATIONS	1929 / 2014		
CONSTRUCTION QUALITY	Good		
CONDITION	Fair		
NUMBER OF STORIES	5 plus daylight basement		
GROSS BUILDING AREA (GBA)	325,000 square feet		
PROPERTY TOTALS	GBA*	GBA Main Building	GBA Power Plant
	336,000 square feet	325,000	11,000
	*See area definitions, page 195.		

ZONING

CMX-3 - Community Commercial and Mixed-Use District

ENVIRONMENTAL

No environmental report has been provided to us. Asbestos containing materials have been removed. The basement contains water that is constantly pumped out. There may be a spring on the site.

**HIGHEST AND BEST USE
OF THE SITE**

The highest and best use as improved is for a use consistent with CMX-3 zoning and the Transit Development Overlay (TDO) including mixed commercial use with retail, office, community facilities and potentially residential single-family or multi-family development.

**HIGHEST AND BEST USE
AS IMPROVED**

The highest and best use as improved is for a use consistent with CMX-3 zoning and the Transit Development Overlay (TDO) including conversion of the existing buildings and development of the surrounding excess ground to a Community Services Office/Retail complex.

VALUE INDICATIONS

"As-Is"

COST APPROACH

Not Applicable

**SALES COMPARISON
APPROACH**

*Part of
Development
Approach*

**INCOME APPROACH
(DEVELOPMENT APPROACH)**

\$10,000,000

**RECONCILED VALUE
VALUE CONCLUSION**

\$10,000,000

EFFECTIVE DATE

June 7, 2018

PROPERTY RIGHTS

Fee Simple

Hypothetical Conditions:

- *None*

Extraordinary Assumptions:

- *None*

SCOPE OF WORK

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- *the client and intended users;*
- *the intended use of the report;*
- *the type and definition of value;*
- *the effective date of value;*
- *assignment conditions;*
- *typical client expectations; and*
- *typical appraisal work by peers for similar assignments.*

This appraisal is prepared for Thomas Dalfo, Senior Vice President of Real Estate Services, of Philadelphia Industrial Development Corporation.

The problem to be solved is estimate the 'As-Is' value of the subject property. The intended use of the appraisal is for possible disposition by the City of Philadelphia. The intended user is the Philadelphia Industrial Development Corporation (PIDC).

SCOPE OF WORK	
<u>Report Type</u>	<i>This is a short narrative report format which provides concise and brief descriptions of the appraisal process, subject and market data, and valuation analyses.</i>
<u>Property Identification</u>	<i>The subject has been identified by the legal description and the assessors' parcel number.</i>
<u>Inspection/Information</u>	<i>A complete interior and exterior inspection of the former Provident Mutual Life Insurance Company building has been made, and photographs taken. The power plant was inspected on the exterior only. Building plans and cost of previous renovations were provided by the client as well as information from news articles. Proposed plans and cost estimates of developer were also provided by client. The excess land estimate was not provided by the client or developer but was estimated for analysis purposes.</i>
<u>Market Area and Analysis of Market Conditions</u>	<i>A complete analysis of market conditions has been made. The appraiser maintains a comprehensive database for this market area and has reviewed the market for sales and listings relevant to this analysis. Comparable sales data is updated for each appraisal. Comparable market type data, such as office, retail, apartment, industrial and residential studies, are updated quarterly, semi-annually or annually as information becomes available. This is the procedure followed unless there is an unexpected change in the market in general or a particular market which will then be updated accordingly.</i>
<u>Highest and Best Use Analysis</u>	<i>A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.</i>

VALUATION ANALYSES

Cost Approach

A cost approach was not applied due to the Cost Approach is not the typical way in which a purchaser would estimate value for the subject property.

Sales Comparison Approach

A sales approach was applied because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type. The sales comparison approach was utilized to estimate the value of the existing improvements with supporting land. Additionally, the sales comparison approach was utilized to estimate land excess land value.

Income Approach

An income approach was applied by utilization of the Development Approach.

Development Approach

A unit sales approach was developed because a portion of the subject property is proposed for future office development. The Development Approach utilizes both the Sales Comparison Approach and the Income Approach. The Sales Comparison Approach estimates the value of the existing improvements and the gross sellout of the individual lots while the Income Approach uses a discounted cash flow analysis to estimate the present value of these lots and existing improvements.

In estimating the value of the subject property, the existing improvements with surrounding land area and the parking area for the existing building were developed by considering large building sales in similar condition as well as land sales for the parking area. The excess ground for potential development was estimated by considering the value of the individual land parcels for future development. Utilizing the Development Approach, a combination of the Sales Comparison Approach and the Income Approach, these land values were discounted for future sellout (development) over the development period.

Hypothetical Conditions

None

Extraordinary Assumptions

None

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the current “as is” market value of 4601 Market Street, Philadelphia, Philadelphia County, Pennsylvania 19139 as of the date of valuation.

This definition is consistent with definitions of “Market Value” as defined by the Appraisal Institute’s 14th edition of The Appraisal of Real Estate:

“DEFINITION OF MARKET VALUE”: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale, as of a specified and the passing of title from seller to buyer, under conditions, whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and each acting in what they consider to be their own best interest;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in U.S. dollars, or in terms of financial arrangements comparable thereto; and
- e. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

CLIENT AND OTHER INTENDED USERS

The client and the intended user of this report is Philadelphia Industrial Development Corporation. The intended use of the appraisal is for possible disposition by the City of Philadelphia.

VALUATION DATE/INSPECTION DATE

The valuation date of this appraisal is June 7, 2018. The date of the inspection was June 7, 2018.

PROPERTY RIGHTS APPRAISED

The property rights appraised are Fee Simple. Both Fee Simple and Leased Fee are defined below.

A **Fee Simple** interest is defined² as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

A **Leased Fee** interest is defined² as:

An ownership interest held by a landlord with the rights of use and occupancy conveyed by a lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

The value estimation herein is of real estate only and excludes personal property, business value, and any other non-realty items.

EXPOSURE PERIODS

Based on discussions brokers and analysis of selling time on comparable properties, we have estimated exposure time of 9 to 24 months (i.e., length of time the subject would have been exposed for sale in the market had it sold at the value herein as of the appraisal date). While the local market for vacant land is excellent, the time required to obtain approvals for redevelopment projects would extend the exposure time.

² Appraisal Institute, The Dictionary of Real Estate Appraisal, 4th ed. (Chicago: Appraisal Institute, 2002).

PART II: FACTUAL DATA

AREA OVERVIEW

The subject property is located in the West Philadelphia section of Philadelphia, Pennsylvania, 19139.



It is part of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (MSA) encompassing over 4,603 square miles and 11 counties, five in Philadelphia, PA Metropolitan Division (Bucks County, Chester County, Delaware County, Montgomery County and Philadelphia County); three counties in the Camden, NJ Metropolitan Division (Burlington County, Camden County and Gloucester County); and, three in Wilmington, DE-MD-NJ Metropolitan Division (New Castle County, DE; Cecil County, MD; and Salem County, NJ). A Metropolitan Division is an area with a population greater than 2.5 million people.

The population of the MSA was 6,096,120 in 2017 a 2.19% increase from the population of 5,965,343 in 2010. The MSA is located between New York City and Washington, D.C. and is part of the east coast megalopolis.

The area has a density of more than 1,324.5 people per mile and a median age of 38.7 years. About 11.1% of its population is foreign born compared to 7% in Pennsylvania,. About 41% of the foreign born is from Asia, 31% from Latin America, 18% from Europe and 9% from Africa.

As of 2016, Philadelphia is the seventh largest United States metropolitan area. It has an average age of 38.7 years, a median household income of \$68,572 and a median value of owner-occupied housing units of \$250,900.

In the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (MSA), the leading industries are Healthcare & Social Assistance at 16.8% and Retail Trade at 10.9%. In 2016, the counties with the highest median household income were Chester with \$88,995, Montgomery with \$81,902 and Burlington (NJ) with \$80,034.



3

Philadelphia County is part of the five county Philadelphia area. From 1990 to 2000, Philadelphia County population decreased 4.29% compared to the five county area average increase of 3.24%. The final report of the 2010 Census indicated a slight rise in population in Philadelphia with upward moderate increases in recent years.



³ <https://ucitysquare.com>

REGIONAL AND CITY DATA

Population Growth

The region's location within the mid-Atlantic corridor on the eastern seaboard plays an important role in the population trends of the area. Philadelphia is the hub of the metropolitan area with over six million people. Furthermore, approximately 40% of the U.S. population is within a day's drive of the Philadelphia metropolitan area.

Population trends for the nine-county area are exhibited below based on information provided by the Delaware Valley Regional Planning Commission (DVRPC). The five-county Philadelphia area is the same as the Philadelphia Metropolitan Division; however, New Jersey includes Mercer County.

Population by County, Delaware Valley Region, 1980 through 2010								
County	1980 Population	1990 Population	2000 Population	2010 Population	Absolute Change 2000-2010	Percent Change 2000-2010	Absolute Change 1980-2010	Percent Change 1980-2010
Burlington	362,542	395,066	423,394	448,734	25,340	5.98%	86,192	23.77%
Camden	471,650	502,824	508,932	513,657	4,725	0.93%	42,007	8.91%
Gloucester	199,917	230,082	254,673	288,288	33,615	13.20%	88,371	44.20%
Mercer	307,863	325,824	350,761	366,513	15,752	4.49%	58,650	19.05%
4-county NJ region	1,341,972	1,453,796	1,537,760	1,617,192	79,432	5.17%	275,220	20.51%
Bucks	479,180	541,174	597,635	625,249	27,614	4.62%	146,069	30.48%
Chester	316,660	376,396	433,501	498,886	65,385	15.08%	182,226	57.55%
Delaware	555,023	547,651	550,864	558,979	8,115	1.47%	3,956	0.71%
Montgomery	643,377	678,193	750,097	799,874	49,777	6.64%	156,497	24.32%
Philadelphia	1,688,210	1,585,577	1,517,550	1,526,006	8,456	0.56%	-162,204	-9.61%
5-county PA region	3,682,450	3,728,991	3,849,647	4,008,994	159,347	4.14%	326,544	8.87%
9-county DVRPC region	5,024,422	5,182,787	5,387,407	5,626,186	238,779	4.43%	601,764	11.98%

Source: United States Census Bureau as compiled by DVRPC and E. H. Lynn & Associates

Population trends in the Delaware Valley region have seen an overall increase in population between **1980-2010** with a net overall increase of 11.98% population. The counties with the greatest change included Burlington (+23.77%) and Gloucester (+44.2%) Counties in New Jersey and Bucks (+30.48%) Chester (57.55%) and Montgomery (24.32%) Counties in Pennsylvania. Philadelphia showed a decrease (-9.61%).

Population trends in the Delaware Valley region have seen an overall increase in population between **2000-2010** with a net overall increase of 4.43% population. The counties with the greatest change included Gloucester County (+13.2%) in New Jersey and Chester (15.08%) and Montgomery (6.64%) Counties in Pennsylvania. Philadelphia showed a slight increase (0.56%).

Basic Economy

The basic economic support is diversified. The area has a blend of commercial, industrial and retail uses. Government offices, banks, hospital, and the city's universities are among its major employers.

During the 19th century, Philadelphia was known as the "Workshop of the World." The Pennsylvania Railroad allowed the region's numerous factories, mills, and warehouses to send their products to New England, the South and the expanding west. Today, production industries have been replaced by "modern industries", such as biotechnology/pharmaceuticals, telecommunications, education, insurance, legal and business services, manufacturing, tourism and health care.

A discernible shift is occurring in the types of employment available in the Philadelphia area. Manufacturing continues the downward spiral that began in the post-World War II era and currently hovers around 6% of salaried employment. Over one-third of the workforce is now employed in the service industries, such as hotels, automobile repair, and health and human services. Despite these changes, the Philadelphia regional economy continues to benefit from its central Atlantic Coast location and efficient transportation network. Chemicals, pharmaceuticals, medical services, printing and publishing, and banking are all thriving in the area. In addition, the four suburban Pennsylvania counties surrounding Philadelphia support a booming retail trade and pharmaceutical manufacturing business. Over 90% of the Standard Industrial Classifications (SIC) present, Greater Philadelphia's economy is the one of the most diversified in the nation.

The area is well represented in the bio-pharmaceutical industry, the information technology (IT) industry and financial services. Eighty percent of the world's major pharmaceutical companies (including GlaxoSmithKline, Bristol Meyers, Squibb, Johnson and Johnson, AstraZeneca and DuPont) are within a two-hour drive. Among manufacturing industries, plastics and food processing retain a strong presence in the Philadelphia regional economy. (*Source: PECO Energy and www.thegreaterphiladelphiastory.com). Eighty percent of U.S. Pharmaceutical and biotech companies have a presence in the Delaware, New Jersey and Pennsylvania corridor. The tristate community is a national leader in clinical trials.⁴*

Located in the middle of the east coast's mid-Atlantic corridor, Philadelphia is the hub of a metropolitan area with over six million people. Approximately 40% of the U.S. population, with a buying power of over \$200 billion, is within a day's drive and can be quickly accessed through a comprehensive network of land, sea and air transportation. Within a day's drive of the city, there are more than 100 million people, six of the eight largest U.S. markets, and four of Canada's largest markets. The region boasts the fourth-largest annual retail sales in the nation and the 6th largest Gross Metropolitan Product in the nation (\$182.4 in 2000).⁵ About 45 million people are within a two hour drive of Philadelphia.⁶

According to the 2016 census, the median household income for Philadelphia was \$41,449, compared to \$56,907 for Pennsylvania, \$68,572 for the Metropolitan Statistical Area and \$59,039 for the U.S.

⁴ <http://selectgreaterphl.com/life-sciences-and-healthcare/>

⁵ www.thegreaterphiladelphiastory.com

⁶ <https://www.discoverphl.com/meet/choose-philadelphia/facts-and-figures/>

As of 2016 in Philadelphia County, the largest employment by industry was Healthcare & Social Assistance at 21.5% and Educational Services at 9.8%. This can be compared to the Philadelphia MSA where Healthcare & Social Assistance at 16.8% and Educational Services at 9.9%.



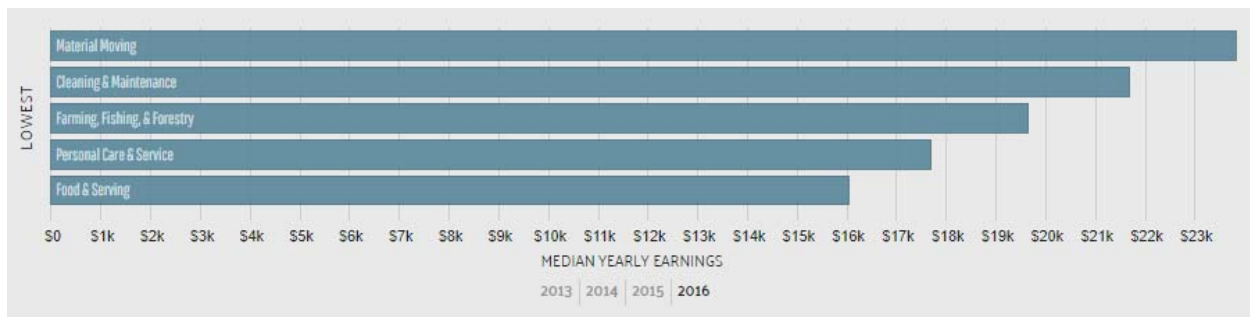
In Philadelphia County, the highest paid industries by rank are listed below:

- Legal, Computer & Mathematical, Health Practitioners, Fire Fighting Supervisors and Architecture & Engineering.



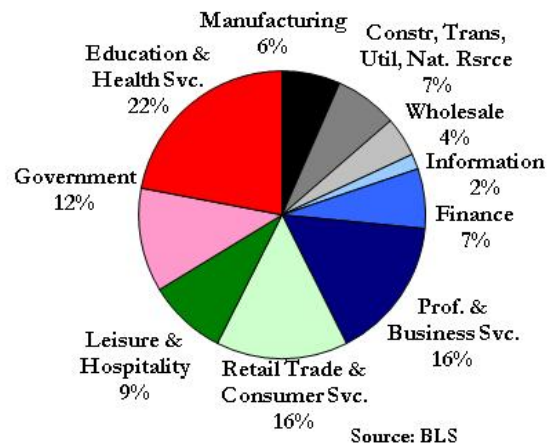
In Philadelphia County, the lowest paid industries by rank (high to low) are

- Material Moving; Cleaning & Maintenance; Farming, Fishing & Forestry; Personal Care & Service; and, Food & Serving.



Reis, Third Quarter Report for 2016 – The Economy

Philadelphia Employment by Sector

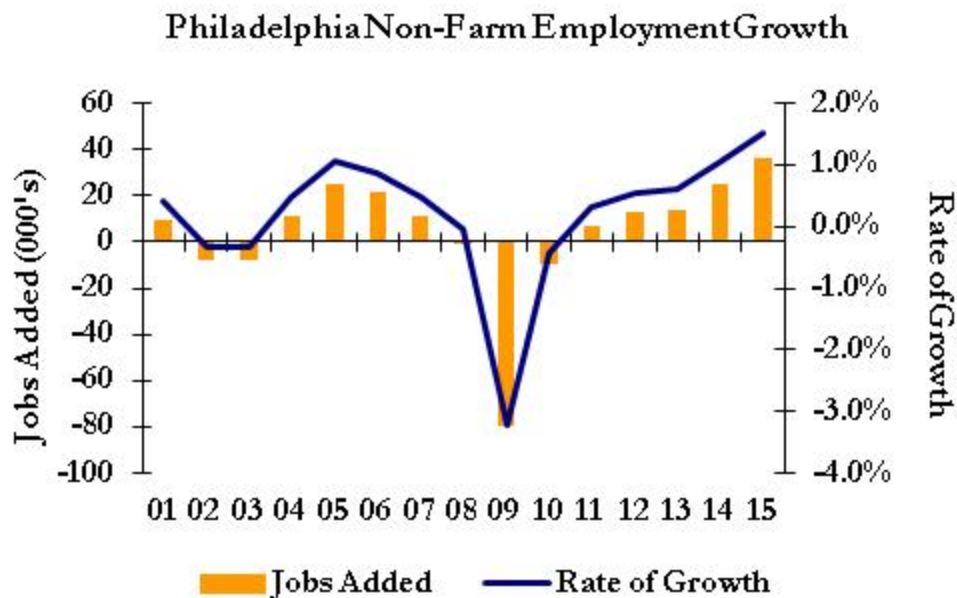


For an area with a slowly growing population, the metro Philadelphia labor force surged in the year to August 2016. Household-based data from the U.S. Bureau of Labor Statistics (BLS) on the Philadelphia metro area, which includes those living in northern Delaware as well as Pennsylvania and Southern New Jersey, show another strong increase of 59,930 (2.0%) year-over-year. Unemployment increased despite an increase of 48,340 (1.7%) in the number of employed residents of the metro area, including the self-employed. According to Current Employment Statistics (CES) data from the BLS, wage and salary employment in the Reis Philadelphia market area (which now includes the Philadelphia Metropolitan Division and the Montgomery/Bucks/Chester Metropolitan Division in Pennsylvania, and the Camden Metropolitan Division in New Jersey) also increased 41,100 (1.7%) from September 2015 to September 2016. Private sector employment was up by 40,500 (1.9%) in the most recent September-to-September period.

United States Employment by Sector

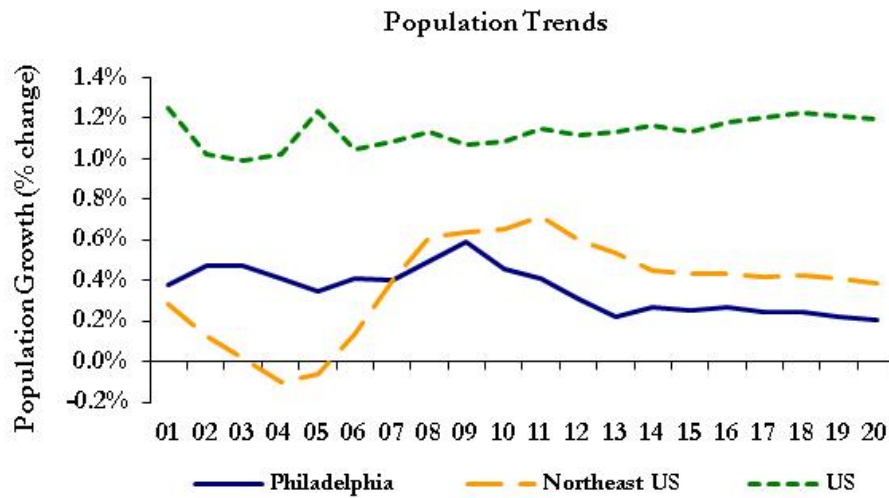


According to the *Reis Report*, Philadelphia is considered to be a cheaper alternative to New York, but it is still regarded as a slow growth city despite all the new construction for apartments, mixed-use or office buildings. *Philadelphia Business Journal*: "WalletHub performed an analysis of 515 U.S. cities and 14 indicators of economic growth between 2009 and 2015 and the high-profile personal finance website found that Philadelphia is the 15th slowest-growing large city. Some of the metrics that were evaluated included population growth rate, college-educated population growth as well as unemployment rate decrease. Part of this is due to the fact that Philadelphia is a built-out area. The study does not seem to take into account new growth in jobs and industries in the city, particularly University City area.



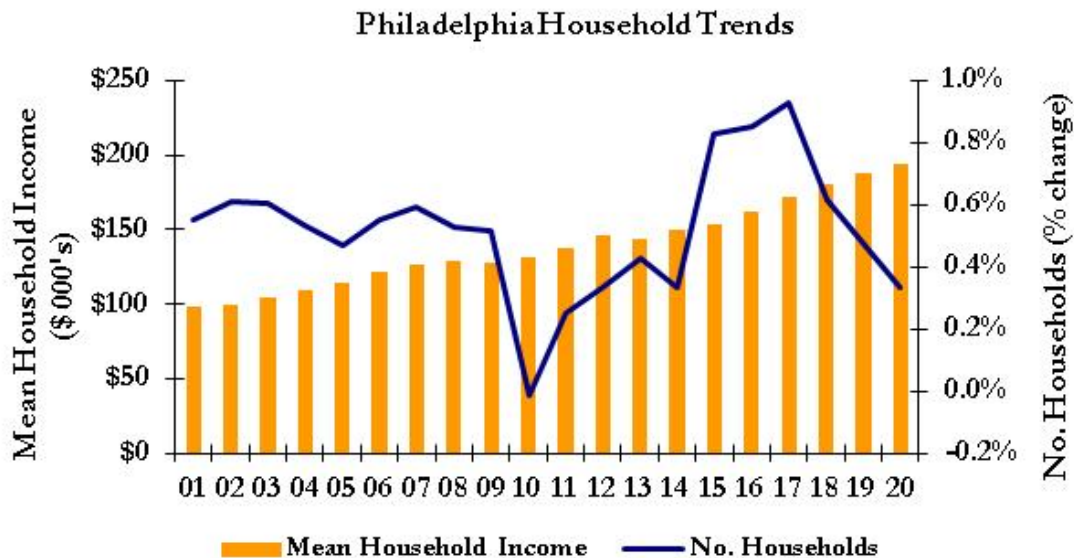
Source: BLS

Philadelphia is in fact large and heavily developed, which limits its population growth. The population increased just 11,270 (0.2%) in the year to the third quarter, with the number of households up a similar 11,060 (0.5%), according to Moody's Economy.com. More positively, household average income increased 4.2% year-over-year. Among the consumer-driven sectors, Retail Trade employment increased by 2,800 jobs (1.1%), Leisure and Hospitality employment was up by 6,400 (2.9%), and Other Services, such as repair shops and beauty parlors, was up by 800 (0.8%).



In the past, metro Philadelphia has been held back by a declining industrial base, but employment trends in industry have improved recently. Manufacturing added 2,400 jobs (1.5%) in the year to September, Wholesale Trade was up 1,600 (1.5%), Transportation and Utilities was up 1,700 (2.1%), and Construction and related sectors gained 3,600 (3.7%). That's solid growth in both production and distribution.

CES data by sector show sectors with many knowledge-based jobs are growing here. Both the institutional Education and Health Services sector and the office-based Professional and Business Services sector were up 9,200 jobs in the year to September, for gains of 1.7% and 2.3%, respectively. Financial Activities, meanwhile, added 3,300 jobs (2.0%), but Information was down 500 (1.2%).

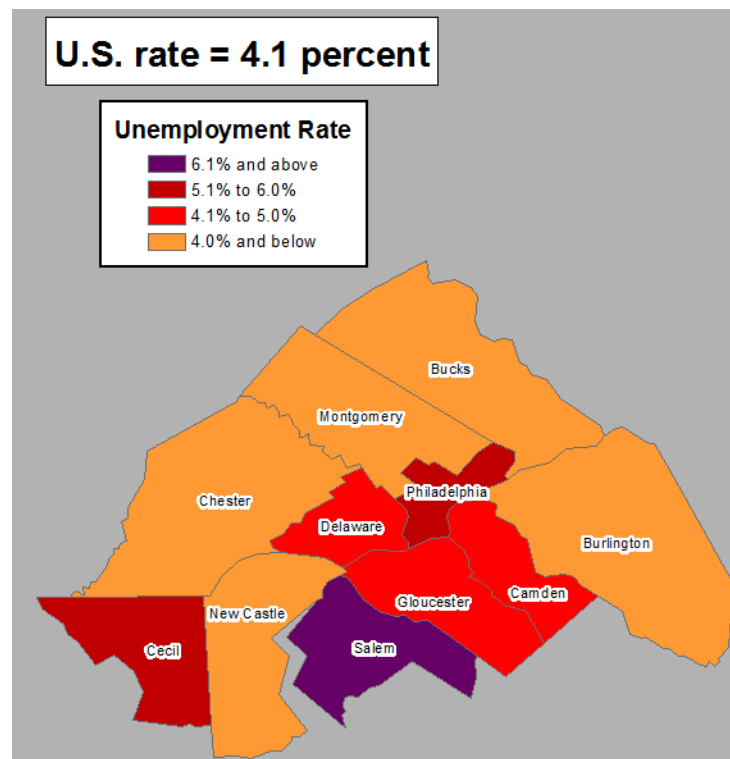



















Unemployment – March 2018

Unemployment in the Philadelphia-Camden-Wilmington, Pa.-N.J.-Del.-Md. Metropolitan Statistical Area (MSA) includes Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania; Burlington, Camden, Gloucester and Salem Counties in New Jersey; New Castle County in Delaware; and Cecil County in Maryland. This comparative study is completed on a quarterly basis and updated when information is available.

http://www.bls.gov/regions/mid-atlantic/news-release/unemployment_philadelphia.htm

- The Camden, N.J. Metropolitan Division (MD) includes Burlington, Camden, and Gloucester Counties in New Jersey. **4.6% up from 4.5% a year ago but down from 5.3% two years ago.**
- The Philadelphia, Pa. Metropolitan Division (MD) includes Delaware and Philadelphia Counties in Pennsylvania. **4.4% down from 4.6% a year ago and down from 5.1% two years ago.** The Montgomery County-Bucks County Chester County, PA Metropolitan Division was **3.6%, down from 4.0% one year ago and 4.3% two years ago.**
- The Wilmington, Del.-Md.-N.J. Metropolitan Division (MD) includes New Castle County in Delaware; Cecil County in Maryland; and Salem County in New Jersey **4.2% down from 4.7% a year ago unchanged 4.7% two years ago.**
- Chester County, recorded the lowest unemployment rate in the Philadelphia-Camden-Wilmington, Pa.-N.J.-Del.-Md. Metropolitan Statistical Area (MSA) at **3.2% with Montgomery County second at 3.5%.**
- Salem County at **6.3%** registered the highest unemployment rate among the 11 counties that make up the metropolitan area. Philadelphia County was second at **5.8%**. Unemployment is summarized for the MSA below. **Philadelphia County's unemployment is 5.8% down from 6.2% a year ago and down from 6.8% two years ago.**



Area	Back data	Unemployment rates			Change from	
		Mar 2016	Mar 2017	Mar 2018 ⁽¹⁾	Mar 2016 to Mar 2018 ⁽¹⁾	Mar 2017 to Mar 2018 ⁽¹⁾
United States		5.1	4.6	4.1	-1.0	-0.5
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area		5.2	4.7	4.4	-0.8	-0.3
Philadelphia, PA Metropolitan Division		6.3	5.7	5.3	-1.0	-0.4
Delaware County, PA		4.9	4.5	4.1	-0.8	-0.4
Philadelphia County, PA		6.8	6.2	5.8	-1.0	-0.4
Montgomery County-Bucks County-Chester County, PA Metropolitan Division		4.3	4.0	3.6	-0.7	-0.4
Montgomery County, PA		4.2	3.9	3.5	-0.7	-0.4
Bucks County, PA		4.8	4.4	4.0	-0.8	-0.4
Chester County, PA		3.8	3.5	3.2	-0.6	-0.3
Camden, NJ Metropolitan Division		5.3	4.5	4.6	-0.7	0.1
Burlington County, NJ		4.7	3.9	4.0	-0.7	0.1
Camden County, NJ		5.8	5.0	5.0	-0.8	0.0
Gloucester County, NJ		5.4	4.6	4.6	-0.8	0.0
Wilmington, DE-MD-NJ Metropolitan Division		4.7	4.7	4.2	-0.5	-0.5
New Castle County, DE		4.4	4.5	3.9	-0.5	-0.6
Cecil County, MD		5.4	5.1	5.2	-0.2	0.1
Salem County, NJ		6.8	6.0	6.3	-0.5	0.3

Footnotes

(1) Data for the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area and its components are preliminary for the most recent month.

Philadelphia

Philadelphia is also the economic and cultural anchor of the greater Delaware Valley, located along the lower Delaware and Schuylkill Rivers, within the Northeast megalopolis. The Delaware Valley's population of 7.2 million ranks it as the eighth-largest combined statistical area in the United States.

Philadelphia, Pennsylvania's largest city, is notable for its rich history, on display at the Liberty Bell, Independence Hall where the Declaration of Independence and Constitution were signed and other American Revolutionary sites. It is also known for the steps of the Philadelphia Museum of Art, immortalized by Sylvester Stallone's triumphant run in the film "Rocky." In 2018, its football team is remembered for the Philadelphia Eagles beating the New England Patriots to win the Super Bowl.

The city is known for its arts, culture, and colonial history which attracted 42 million domestic tourists in 2016 who spent US \$6.8 billion, generating an estimated \$11 billion in total economic impact in the city and surrounding four counties of Pennsylvania.⁷

Philadelphia is a city steeped not only in American Revolutionary history, but also in medical history – the birthplace of American medicine and home to the nation's first medical school, first children's hospital, first college of pharmacy, first women's hospital, first medical library and first hospital.



Center City Philadelphia is located between the Delaware River on the East and the Schuylkill River on the west. Philadelphia County is bordered by Bucks County on the north; by New Jersey on the east; by Delaware County on the south; and, by Delaware and Montgomery Counties on the west.

The Philadelphia area's many universities and colleges make it a top study destination, as the city has evolved into an educational and economic hub. According to the Bureau of Economic Analysis, the Philadelphia area had a gross domestic product of US \$431 billion in 2016, the eighth-largest metropolitan economy in the United States.



Founded in 1682 by William Penn, an English Quaker, the city served as capital of the Pennsylvania Colony. Philadelphia played an instrumental role in the American Revolution as a meeting place for the Founding Fathers of the United States, who signed the Declaration of Independence in 1776 at the Second Continental Congress, and the Constitution at the Philadelphia Convention of 1787.

The city grew from an influx of European immigrants, most of whom came from Ireland, Italy and Germany—the three largest reported ancestry groups in the city as of 2015. In the early 20th century, Philadelphia became a prime destination for African Americans during the Great Migration after the Civil War, as well as Puerto Ricans. The city's population doubled from one million to two million people between 1890 and 1950. In the 2010 census, immigrants accounted for 15% of the population, the greatest share since 1940.

The Philadelphia skyline is expanding, with a market of almost 81,900 commercial properties in 2016, including several nationally prominent skyscrapers.

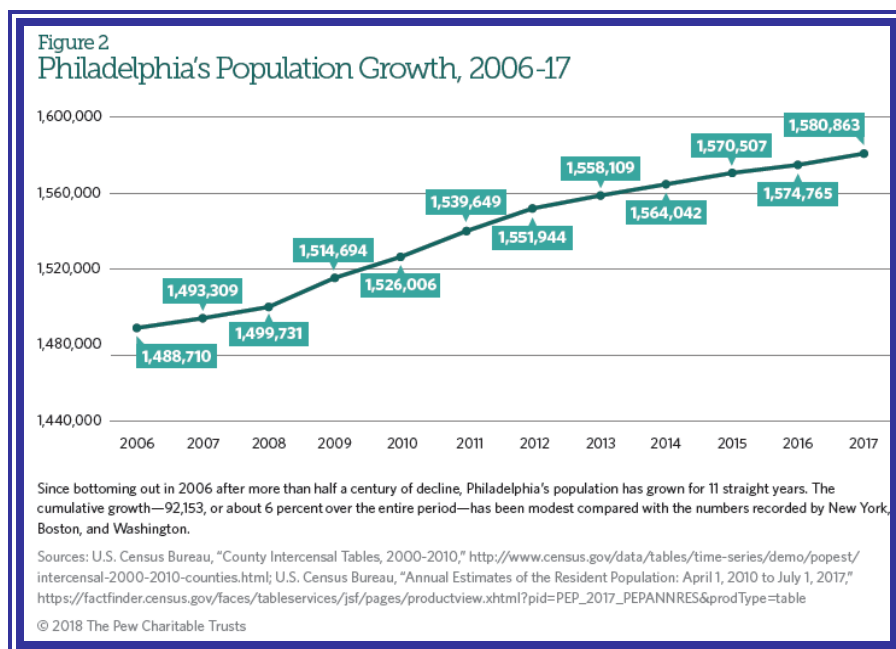
Fairmount Park, when combined with the adjacent Wissahickon Valley Park in the same watershed, is one of the largest contiguous urban park areas in the United States.

⁷ *"Visit Philadelphia 2017 Annual Report" (PDF). visitphilly.com.*

Philadelphia is the leader in many fields as noted below.⁸

- 1st US city for millennial growth⁹
- 2nd largest city on the East Coast
- 2nd largest downtown population in the country¹⁰
- 6th largest city in the country with a city population of about 1.6 million and a regional population of about 6.1 million.
- 6th largest workforce in the U.S. of just over 3 million, including highly skilled talent in key industries: life sciences, energy and manufacturing, technology and financial services
- 45 million people live within 200 miles of Philadelphia
- 64% of students at local universities remain in Philadelphia after graduating¹¹
- Over 12,000 hotel rooms in Center City
- Over 16,000 hotel rooms in Philadelphia County
- Over 37,000 hotel rooms in the region.
- Named by the Brookings Institutions as “One of Top ‘Knowledge Capitals’ in USA and Europe”.
- Ranked as the best city in America for diversity in science, tech, engineering and math (STEM) fields by SmartAsset.
- Home to the second largest university population in the U.S. and a life sciences hub, making innovation and education at the heart of the Philadelphia story.
- Extensive life sciences community including seven medical schools, 22 nursing schools, two dental schools, three colleges of pharmacy, a veterinary school, a school of optometry, a podiatry school, 100 hospitals and numerous biomedical and pharmaceutical companies.
- Millennials are growing at a faster rate than in any of the nation’s 30 largest cities, according to JLL.

Philadelphia’s population has seen slow but modest growth since bottoming out in 2006, has gained 92,153 persons between 2006 and 2017.¹²



⁸ <https://www.discoverphl.com/meet/choose-philadelphia/facts-and-figures/>

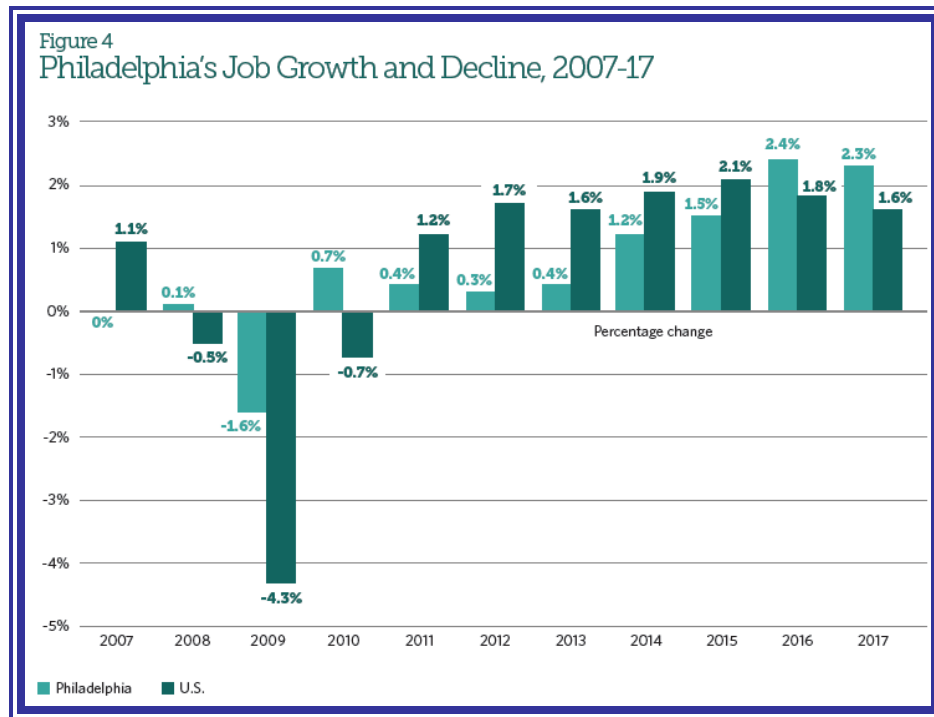
⁹ Pew Research Center

¹⁰ Center City District Annual Report

¹¹ Campus Philly

¹² The Pew Charitable Trusts, April 2018, *Philadelphia 2018 The State of the City*

In 2017, for the second year in a row, the job market in the city outperformed the country as a whole, expanding by 2.3% compared with a national growth rate of 1.3%. For the year, Philadelphia had a monthly average of 715,900 jobs up from 699,600 in 2016 and more than anytime since 1991.¹³



Highway Systems and Transportation

Throughout the region there is an adequate system of highways. The primary highways running east and west are U.S. Route 1 and The Pennsylvania Turnpike. The north and south highways consist of PA Route 309, I-476, I-95 and I-295. Additional major roads in the area include: Interstate 76, which serves as the major thoroughfare thru the city, U.S. Route 202, which connects Philadelphia to its northern suburban counties, U.S. Route 322, and the New Jersey Turnpike. Furthermore, I-295, NJ Route 55, U.S. Route 30 and the Atlantic City Expressway all serve to connect the region to the New Jersey beach resorts to the east.

Interstate 76 in Center City Philadelphia provides access to Interstate 676, the Vine Street Expressway, from the Benjamin Franklin Parkway on the west to Interstate 95 on the east.

Interstate 76 links the area with Interstate 95 on the east and King of Prussia-Harrisburg on the west. Interstate 476 connects with Interstate 76 at Conshohocken and links Montgomery and Delaware Counties with Interstate 95 on the southwest and the Northeast extension to Allentown-Pocono Mountains on the northeast.

Amtrak provides private passenger rail service, whereas Conrail provides the freight rail service. SEPTA (South Eastern Pennsylvania Transit Authority) provides mass transit service with an extensive system of bus and rail lines.

¹³ The Pew Charitable Trusts, April 2018, *Philadelphia 2018 The State of the City*

Philadelphia International Airport

The Philadelphia International Airport serves the region and is located roughly eight miles southwest of center city. Most of the airport property is located in Philadelphia. The international terminal and the western end of the airfield are located in Tinicum Township, Delaware County. PHL covers 2,302 acres and has 4 runways.

The Philadelphia International Airport has road access from an interchange with I-95, which heads north toward Center City Philadelphia and south into Delaware County. PA 291 heads northeast from the airport area and provides access to and from I-76 (Schuylkill Expressway).

PHL has been ranked the 18th busiest airport in the United States by TripSavvy as of July 2018.¹⁴ The airport serves the City of Philadelphia but is also an ideal airport for passengers from Pennsylvania, south New Jersey, and the Delaware Valley. Philadelphia International Airport is less crowded and more affordable than the three major New York City-area airports, JFK, LGA, and EWR, for those who don't mind the 1.5-hour drive.

The airport has service to destinations in the United States, Canada, the Caribbean, Latin America, Europe, and the Middle East. As of summer 2018, 133 total destinations will be served, including 97 domestic and 36 international destinations. International air service destinations include six countries with Aer Lingus and Icelandair beginning service in 2017.

PHL ranked 21st in commercial service enplanements with 14,271,232 in 2017, down 2.01% from 14,564,419 in 2016.

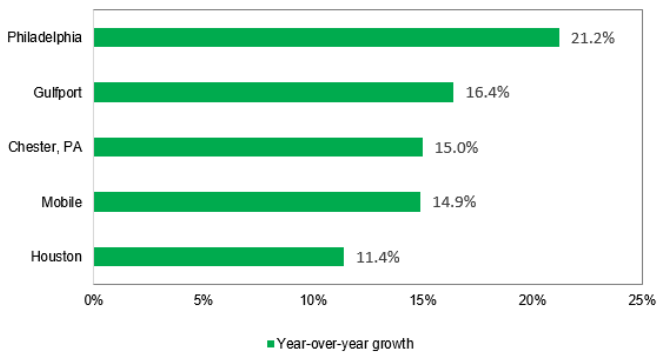
- Runway **17/35** – 6,501 ft. x 150 ft. is parallel to Island Avenue
- Runway **8/26** - 5,000 ft. x 150 ft. is parallel to Enterprise Avenue.
- Runway **9L-27R** – 9,500 ft. X 150 ft. is parallel to the Delaware River
- Runway **9R-27L** – 12,000 ft. x 200 ft. also running parallel to the Delaware River, is the largest runway. It is situated on the western end of the airport.

In 2016, the Philadelphia Airport System had an economic impact of \$15.4 billion and supported 96,300 jobs, either directly or through related companies with a total payroll of \$9.2 billion.

Port of Philadelphia

Philadelphia led Top 25 US ports in 2017 growth

Top 5 fastest growing of the Top 25 US ports



The Port of Philadelphia located on the Delaware River is the largest fresh water port in the world. Port facilities are serviced by three class-one railroads: Canadian Pacific Rail, CSX, and Norfolk Southern, and provide service to major eastern Canadian points as well as Midwestern, southern and southeastern U.S. destinations. Terminal facilities are located in close proximity to I-95 and I-76, and over 400 local trucking companies operate in the region, with a combined total of over 20,000 trucks. The port's 2017 cargo volume surged in 2017— from 299,324 loaded TEU¹⁵ in 2016 to 362,812 TEU. The surge stemmed in part from an increase in exports, which rose by

¹⁴ <https://www.tripsavvy.com/busiest-airports-in-the-usa-3301020>

¹⁵ TEU – Twenty foot equivalent unit.

23.3 percent in 2017 over the year before, stronger even than the 20.5 percent increase imports. The port's compound annual growth rate for all cargo over the past 10 years has been 6.2 percent, with imports growing by 5.6 percent and exports rising by 8.9 percent.¹⁶

Navy Yard

The Navy Yard consists of 1,200 acres that now has a blend of new and historic buildings totaling 7.5 million square feet. A mix of 152 companies call it home including the offices of GlaxoSmithKline, FS Investments and Iroko Pharmaceuticals as well as a series of manufacturers such as Tasty Baking Company. At this point, there are 13,000 people working at the Navy Yard, far exceeding the jobs that were lost when the shipyard closed. Urban Land Institute has deemed the Navy Yard "one of the most successful office/industrial master planned redevelopments in U.S. history. At build out, the Navy Yard is projected to have 20 million square feet of space, 30,000 people and more than \$3 billion of private investment.

Education

The largest universities in the Philadelphia region are in Philadelphia. In 2016, these include the University of Pennsylvania, with 8,871 graduates, Temple University, with 8,858 graduates, and Drexel University, with 7,395 graduates.

Other area schools include the Art Institute of Philadelphia, the Curtis Institute of Music, Holy Family University, Pierce College, University of the Sciences in Philadelphia, Pennsylvania Academy of Fine Arts, Chestnut Hill College, Hahnemann University Hospital, LaSalle University, Moore College of Art and Design, St. Joseph's University, Thomas Jefferson University at Philadelphia University, University of the Arts, and Philadelphia Community College's main branch is at 17th and Spring Garden Streets. Schools in close proximity to Philadelphia include Arcadia University, Bryn Mawr College, Haverford College, Swarthmore College, Rosemont College, Immaculata University, Cabrini University, Valley Forge Military Academy and College, Villanova University, Widener University, Rutgers University, Rowan University, the University of Delaware and Penn State satellite campuses.

Medical Schools in Philadelphia include Drexel University College of Medicine, Sidney Kimmel Medical College of Thomas Jefferson University, University of Penn Perelman School of Medicine, as well as Philadelphia Osteopathic University. Nearby medical schools include Cooper Medical School of Rowan University.

Recreation

The Philadelphia region offers a wide variety of recreational facilities, with an extensive park system as well as several professional sports teams and facilities. Fairmount Park, the largest municipally owned landscaped park in the world contains over 8,700 acres and includes forests, meadows, swimming pools, tennis courts and athletic fields. In addition to the Fairmont Park system, the city has 174 recreation centers, 74 outdoor pools, 316 baseball fields, 296 basketball courts and 70 neighborhood parks. The area's two main rivers- the Delaware River and the Schuylkill River - provide both economic and recreational benefits. Residential, commercial and pleasure facilities are located along the Delaware River. The Schuylkill River provides a central setting for the Art Museum, the River Drives as well as Boat House Row. Philadelphia is home to four professional sports teams including the Phillies, who play at the Citizens Bank Park, The NFL's Eagles, whose home is the 66,000 seat Lincoln Financial Field, and the NBA's 76'ers and NHL's Flyers which both play at the Wells Fargo Center.

¹⁶ https://www.joc.com/port-news/us-ports/port-philadelphia/after-strongest-us-growth-philadelphia-port-double-capacity_20180405.html

Cultural

The birthplace of the nation, Philadelphia has always been a tourist destination with its historic downtown area, including Independence Hall and the Liberty Bell, as well as historic Society Hill. In 1993, the 560,000 SF Pennsylvania Convention Center at Philadelphia opened. The later expansion to 1 million square feet increased the desirability of the City as a destination for visitors. There are now over 12,000 hotel rooms in the city. Museums and restaurants, performing arts and sports venues, family entertainment attractions and educational institutions are located throughout the region. Museums include the Philadelphia Art Museum, the Franklin Institute and the Natural Science Museum. Performing arts centers include the Academy of Music and the Kimmel Center. The city also boasts a number of museums and performing arts centers within its borders and includes the Philadelphia Art Museum, Pennsylvania Academy of Fine Arts, Franklin Institute, Natural Science Museum, Academy of Music, Barnes Museum and Kimmel Center. These attractions are helping make tourism a leading industry in the area as well.

Center City

Center City Philadelphia is the primary business district (CBD) of the metropolitan area. Historically, it was considered the rectangle formed by the two rivers (Delaware and Schuylkill River) on the east and west, Spring Garden Street to the north, and South Street to the south. Due to recent growth in the city, the geographical definition of Center City itself has expanded and defined as, river to river and Poplar Street to Christian Street. (Source: Philadelphia Inquirer, 12/27/05). That was 2005. In 2017, the boundaries have extended much further as shown on the following page.

Historically Center City residential population is divided into various “neighborhoods” as listed below.

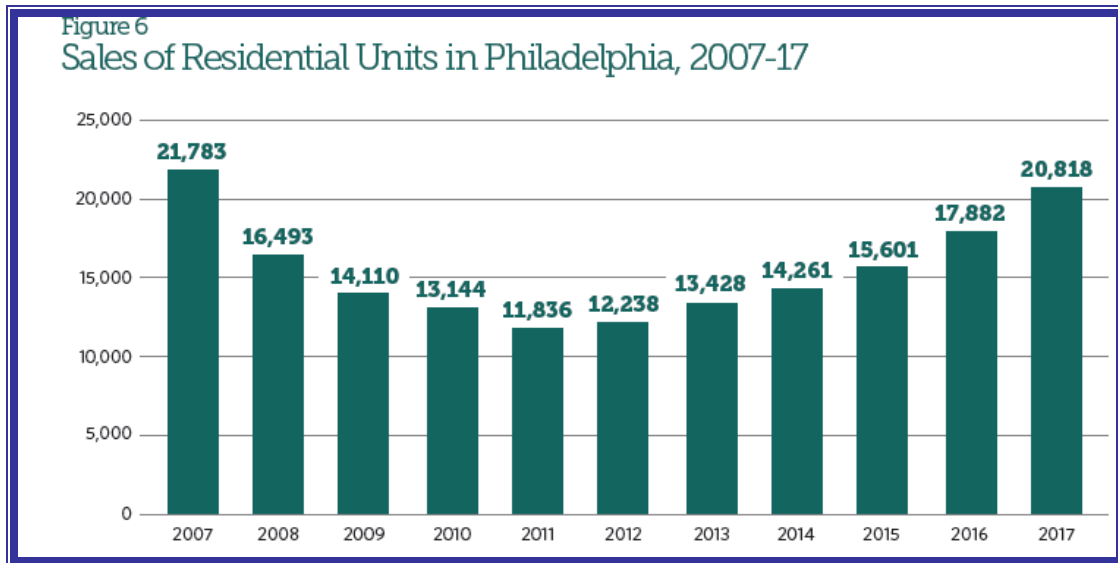
- *Fairmount/Art Museum*
- *Spring Garden*
- *Northern Liberties*
- *Logan Square*
- *Chinatown*
- *Old City*
- *Rittenhouse Square*
- *Washington Square West*
- *Society Hill*
- *Southwest Center City*
- *Bella Vista*
- *Queen Village*

Presently, Greater Center City- defined as Girard Avenue to Tasker Street, river to river- is the fastest growing residential area of Philadelphia with an estimated 190,000 residents in 2017, 40% of whom work downtown and another 11% work in University City. Millennials – those between 20 to 34 years old – now are 40% of the downtown population, followed by empty nesters and growing numbers of families with children.¹⁷

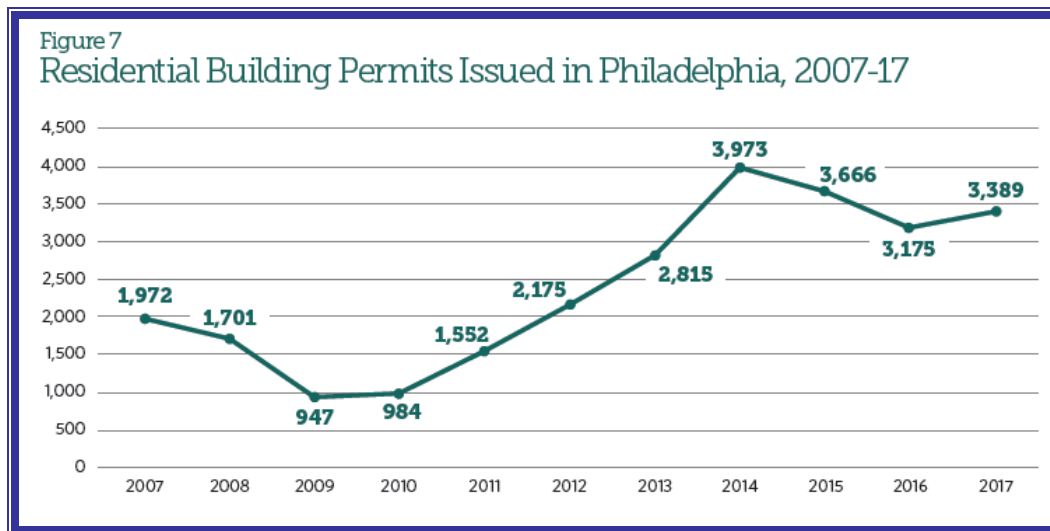
The City has experienced tremendous growth in all sectors but particularly in the growth of single-family residential, multi-family and mixed-use projects in recent years. This was followed by new retail and office development. This growth started after the local economy began recovering from the Great Recession. The growth has spun off into other extended neighborhoods in to the north and south of Center City and to University City. With the new construction have come more millennials and more empty nesters. Bike lanes are located all over the city as new construction grows. Traffic has become a problem and the city is now experiencing some growing pains. As of the “State of Center City 2018 report”, the average home sale price is \$369,234 and the apartment median asking rent was \$1,930.

¹⁷ *State of Center City 2018*, Center City District & Central Philadelphia Development Corporation.

Home sales in Philadelphia rose for the sixth consecutive year, just fall short of the level recorded in 2007 before the Great Recession.¹⁸



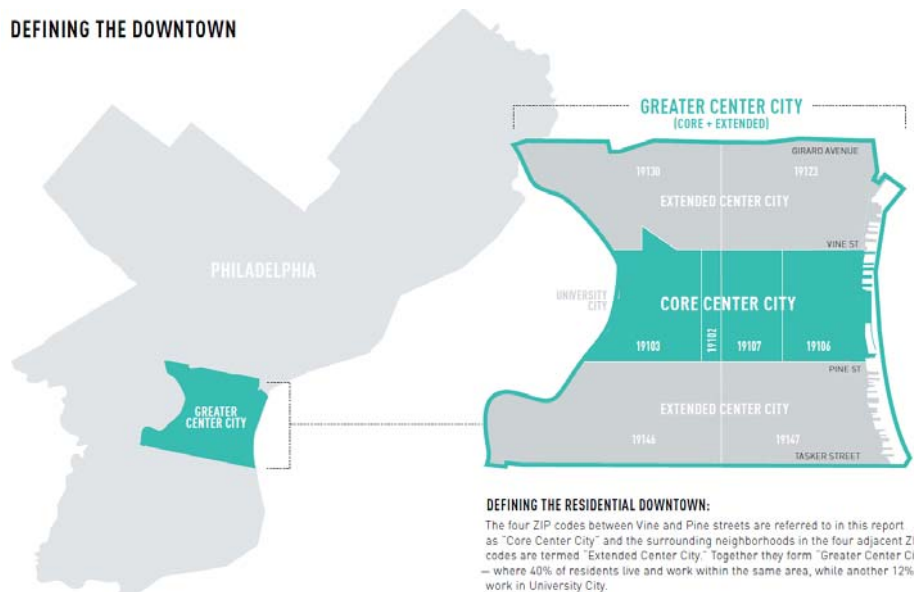
After declining for two years, the number of residential units for which the City of Philadelphia issued building permits rose in 2017 to 3,389, the fourth consecutive year in which more than 3,000 units were approved.



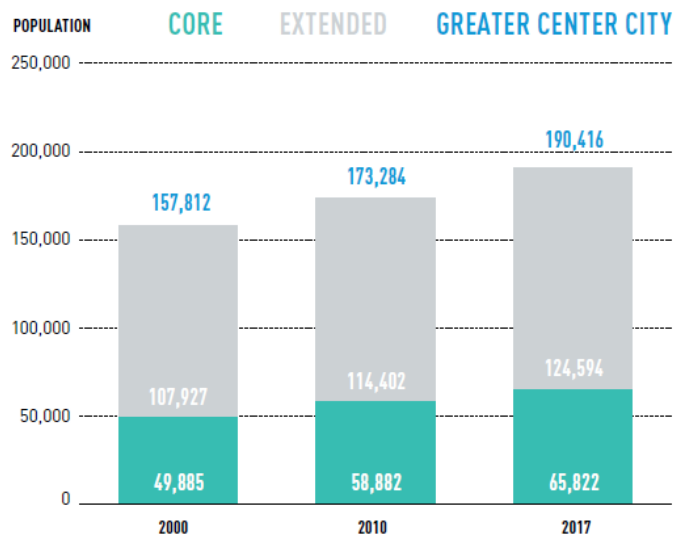
¹⁸ The Pew Charitable Trusts, April 2018, *Philadelphia 2018 The State of the City*

Current Developments in Center City Philadelphia Center City is now defined in many circles to be Greater Center City. Traditionally, the Center City boundaries were River to River and Pine to Vine. The Schuylkill River on the west to the Delaware River on the east. The core Center City zip codes are 19102, 19103, 19106 and 19107. The Extended Center City to the north includes zip code 19130 including Fairmount, the Art Museum, Logan Square and Spring Garden. The extended Center City to the south includes zip codes 19147 and 19146 in South Philadelphia.¹⁹

DEFINING THE DOWNTOWN

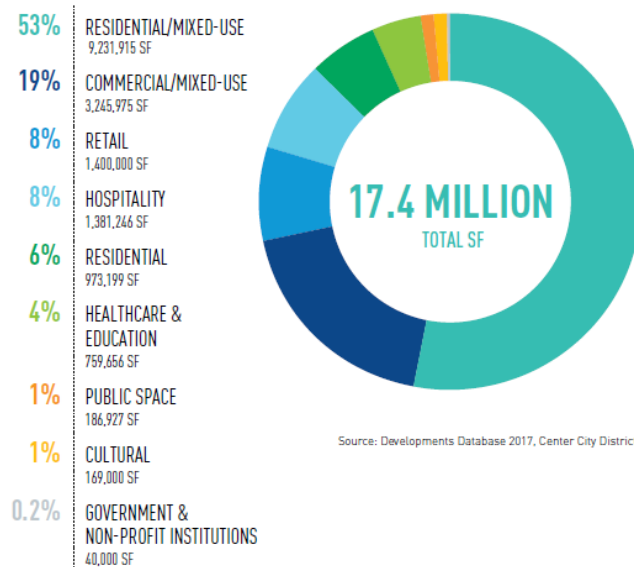


GREATER CENTER CITY POPULATION



As of 2017, there were many new developments in Center City. This included a total 17,400,000 square feet. About 53% of the new developments were Residential/Mixed-use or 9,231,915 square feet.

¹⁹ *State of Center City 2018*, Center City District & Central Philadelphia Development Corporation.



In 2017, 5,222 residential units and 1,923 hotel rooms were under construction as well as 3.2 million square feet of commercial/mixed-use space and 1.65 million square feet of retail space. Major developments totaled \$6.1 billion.

MAJOR PROJECTS COMPLETED AND UNDER CONSTRUCTION IN 2017 IN CENTER CITY

\$6.1 BILLION
IN MAJOR DEVELOPMENTS

3,245,975 SF
OF COMMERCIAL/MIXED-USE

5,222
RESIDENTIAL UNITS

1,655,662 SF
OF NEW RETAIL

1,923
HOTEL ROOMS

A summary of the major developments in Center City is displayed on the following page.²⁰

²⁰ Ibid.



PROJECTS COMPLETED OR UNDER CONSTRUCTION IN 2017

COMMERCIAL/MIXED-USE

1. The Steele Building
2. The Hale Building
3. Studebaker Building
4. Comcast Technology Center
5. Independence Collection
6. 2400 Market Street

CULTURAL

7. Philadelphia Museum of Art Expansion

GOVERNMENT & NONPROFIT INSTITUTIONS

8. The Free Library of Philadelphia Parkway Central Renovation

HEALTHCARE & EDUCATION

9. Children's Hospital of Philadelphia - Schuylkill Avenue Phase 1
10. Thomas R. Kline Institute of Trial Advocacy

HOSPITALITY

11. W Hotel and Element by Westin
12. Hyatt Centric
13. Independence Visitor Center
14. Best Western Hotel Plus Philadelphia Convention Center
15. Cambria Hotel & Suites
16. Aloft Hotel
17. Fairfield Inn and Suites by Marriott

PUBLIC SPACE

18. 22nd and Market Memorial
19. Rail Park, Phase 1
20. John F. Kennedy Plaza/LOVE Park
21. Cherry Street Pier

RESIDENTIAL

22. One Riverside
23. NorthxNorthwest
24. 401 Race Street
25. 500 Walnut

RESIDENTIAL/MIXED-USE

26. The Sterling
27. Park Towne Place
28. SoNo
29. Lincoln Square
30. Bridge
31. Divine Lorraine
32. The Curtis
33. East Market
34. Hanover North Broad
35. The Beacon
36. The Harper
37. Eastern Tower Community Center
38. 218 Arch Street
39. River Walk
40. One Franklin Tower
41. 1401 Spruce Street
42. Heid Building
43. The Alexander
44. The Hamilton
45. Royal Theater
46. The National
47. 1213 Walnut

RETAIL

48. Fashion District Philadelphia

PROPOSED PROJECTS

COMMERCIAL/MIXED-USE

49. The Washington
50. 1301 Market Street
51. 510 North Broad

HOSPITALITY

52. Marriott AC
53. Pod Philly
54. Kimpton Hotel

PUBLIC SPACE

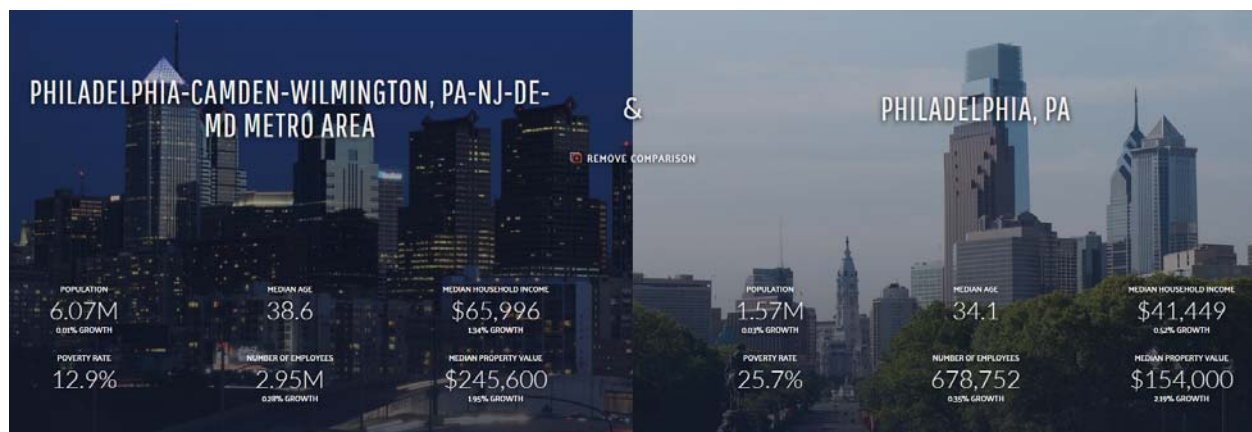
55. Penn's Landing

RESIDENTIAL/MIXED-USE

56. 2012 Chestnut
57. Lits Tower
58. Renaissance Plaza
59. Broad + Pine
60. SLS LUX Philadelphia Hotel & Residences
61. Pier 34/35 South
62. 1600 Callowhill
63. 9th and Washington
64. 142 North Broad
65. 800-830 Vine Street Master Development
66. 1300 Fairmount
67. The Laurel
68. 702 Sansom
69. 900-934 Callowhill

Despite the progress within the city, there are still many areas not doing well. Exhibited below is a comparison of Philadelphia and to the Philadelphia Metro Statistical Area.²¹

2016	Philadelphia	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metro Area
Population	1.57 Million	6.07 Million
Median Age	34.1	38.6
Number of Employees	678,752	2,950,000
Median Household Income	\$41,449	\$65,996
Median Property Value	\$154,000	\$245,600
Poverty Rate	25.7%	12.9%
Own vs Rent	52.1%	66.6%



While the median household income for Philadelphia is 37% below the Metro area, the more alarming fact is that 25.7% of the 1.57 Million people in Philadelphia still live in poverty. In addition to having the highest poverty rate of the nation's 10 largest cities, Philadelphia had the largest percentage of residents living in deep poverty in 2016: 12.3%, about the same as a decade earlier. People living in deep poverty have incomes no more than half of the federal poverty level. In 2016, a family consisting of one adult and two children was living in poverty with income of less than \$10,000, which was half of the city's 400,000 poor residents.²²

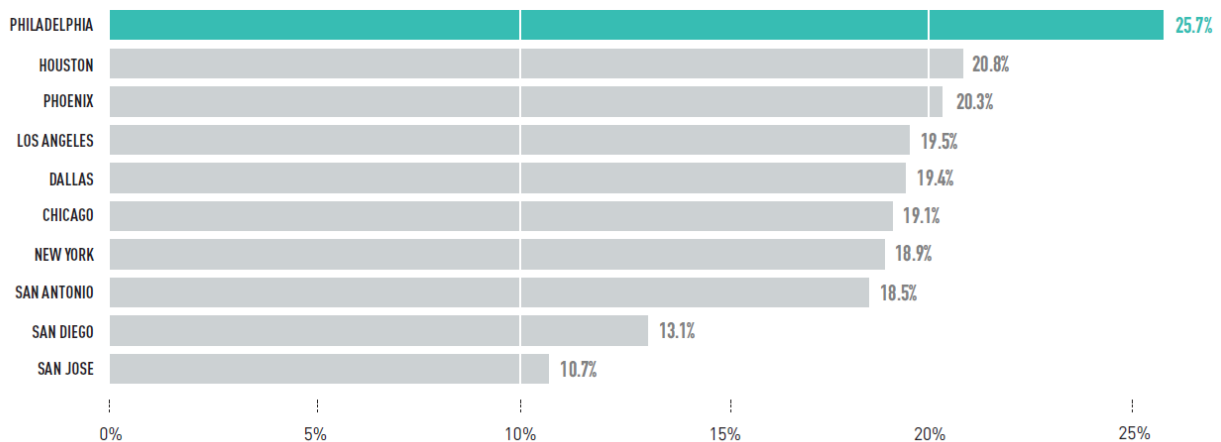
Additionally, the city has a high homicide rate and there is a growing drug overdose problem with an estimated 1,200 unintentional drug overdoses in Philadelphia. This has created another problem with the Kensington section of the city being the drug capital of the area and attracting people from all over the region. While the homicide rate of 317 was lower than many years, it represented a 14% increase in a year.

Overall, the city has in the past ten years become a world renown city with new growth everywhere that is attracting businesses, students and job seekers. The challenge will be to develop all that is in the pipeline and to deal with the "growing pains" brought about by new demands on the city: parking, traffic, and infrastructure while trying to also deal with social issues not addressed in this period of growth.

²¹ <https://datausa.io/profile/geo/philadelphia-pa/>

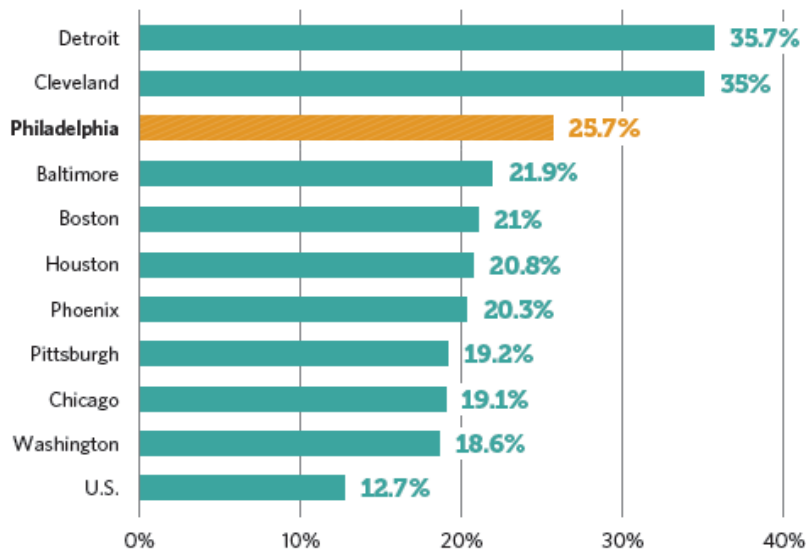
²² The Pew Charitable Trusts, April 2018, *Philadelphia 2018 The State of the City*

POVERTY RATES AMONG THE TOP 10 LARGEST US CITIES



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Figure 12
Poverty Rate, 2016



Philadelphia's poverty rate was nearly 26 percent in 2016, and the city retained its unwanted title as the poorest of America's 10 most populous cities. Among all cities with at least 350,000 residents, it had the sixth-highest poverty rate, behind Detroit and Cleveland—both shown here—as well as Fresno, California; Memphis, Tennessee; and Milwaukee. In Philadelphia, the poverty rate was 38 percent for Hispanics, 31 percent for blacks, 23 percent for Asians, and 15 percent for non-Hispanic whites.

Source: U.S. Census Bureau, American Community Survey, one-year estimates, 2016

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²³ *State of Center City 2018*, Center City District & Central Philadelphia Development Corporation.


²⁴ *The Pew Charitable Trusts*, April 2018, *Philadelphia 2018 The State of the City*

PHILADELPHIA METRO OFFICE MARKET

According to **Cushman Wakefield 2nd Quarter 2018**, the overall vacancy rate for the Philadelphia Central Business District (CBD) was to 11.5%. Overall vacancy in the Phila SMA is 12.6%.* This excludes Lehigh and Northampton Counties as well as University City.

Vacancy for Philadelphia CBD as provided by **Cushman & Wakefield – 2nd Quarter 2018** is summarized below. Vacancy is

- 13.2% - Total Philadelphia Suburban Market.
- 11.5% - Philadelphia CBD
- 12.6% - Suburban Philadelphia
- 12.3% - Southern New Jersey
- 11.9% - Lehigh and Northampton Counties
- 15.8% - Newcastle County-DE
- 7.1% - University City

<div> <div>MARKETBEAT</div> <div>Philadelphia - Suburban</div> <div>Office Q2 2018</div> </div> <div>  CUSHMAN & WAKEFIELD </div>											
SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	DIRECT AVERAGE ASKING RENT (ALL CLASSES)*	DIRECT AVERAGE ASKING RENT (CLASS A)*
East of Broad	12,746,011	36,512	1,618,251	13.0%	-277,228	-151,129	176,257	0	\$28.54	\$28.63	\$29.69
West of Broad	26,605,260	284,831	2,575,238	10.8%	181,220	-228,711	734,391	1,321,921	\$29.99	\$30.29	\$31.00
CBD	39,351,271	321,343	4,193,489	11.5%	-458,448	-379,840	910,648	1,321,921	\$29.48	\$29.70	\$30.69
Bala Cynwyd	2,791,940	3,888	164,006	6.0%	22,397	37,006	53,624	0	\$31.46	\$31.56	\$31.81
Southern Bucks County	6,562,779	22,419	1,206,092	18.7%	36,063	-21,111	309,085	0	\$23.47	\$23.49	\$25.64
Southern Route 202 Corridor	5,919,197	15,126	487,549	8.5%	24,790	-577	65,612	0	\$24.09	\$24.16	\$24.72
Delaware County	4,512,938	1,710	537,825	12.0%	98,997	-21,653	167,073	0	\$24.96	\$24.99	\$28.28
Blue Bell/Ply. Mtg./Fl. Wsh.	12,031,195	38,211	2,056,266	17.4%	39,422	-106,045	231,340	0	\$23.07	\$23.06	\$24.82
Main Line	3,570,916	16,023	277,151	8.2%	-16,784	53,217	47,703	0	\$33.51	\$33.65	\$34.25
Conshohocken	3,523,636	47,874	177,605	6.4%	10,058	16,883	499,451	42,000	\$33.88	\$35.03	\$35.10
Horsham/Willow Grove/Jenkintown	5,081,193	78,480	737,938	16.1%	32,394	10,527	111,888	0	\$23.92	\$24.02	\$25.05
King of Prussia/Valley Forge	17,813,132	96,843	1,843,617	10.9%	-13	70,023	327,205	0	\$25.23	\$25.34	\$27.29
SUBURBAN PHILADELPHIA	61,806,926	320,574	7,488,049	12.6%	247,324	38,270	1,812,981	42,000	\$24.94	\$24.98	\$27.12
Burlington County	7,752,072	0	779,891	10.1%	-54,827	-47,302	116,476	0	\$19.43	\$19.43	\$23.40
Camden County	6,402,708	45,489	922,321	15.1%	-107,582	-177,776	316,628	0	\$19.58	\$19.47	\$26.00
SOUTHERN NEW JERSEY	14,154,780	45,489	1,702,212	12.3%	-162,409	-225,078	433,104	0	\$19.51	\$19.45	\$23.89
New Castle-Suburban	9,292,676	57,227	1,275,740	14.3%	-99,071	-59,386	129,646	160,000	\$22.19	\$22.32	\$22.45
Wilmington-CBD	7,050,857	4,884	1,244,936	17.7%	-9,717	-7,058	49,164	0	\$25.36	\$25.35	\$27.21
NEW CASTLE CTY-DE TOTAL	16,343,533	62,111	2,520,676	15.8%	-108,788	-66,444	178,810	160,000	\$24.10	\$24.21	\$25.51
University City	4,476,632	12,000	304,066	7.1%	77,955	67,879	19,009	350,000	\$41.26	\$41.26	\$43.35
Lehigh & Northampton Counties	7,260,435	53,755	807,856	11.9%	-77,574	-41,902	76,345	0	\$19.31	\$19.32	\$22.03
SUBURBAN TOTAL	92,305,239	428,174	11,710,937	13.2%	-23,873	-253,252	2,424,895	202,000	\$24.02	\$24.05	\$26.52
PHILADELPHIA TOTALS***	131,656,510	749,517	15,904,426	12.6%	-482,321	-633,092	3,335,543	1,523,921	\$25.52	\$25.59	\$27.86

*Rental rates reflect gross asking \$psf/year **Does not include renewals ***Lehigh & Northampton Counties and University City submarkets are not included within the Suburban & Philadelphia MSA total

According to **Costar Mid-Year 2018**, the **Philadelphia CBD** vacancy was 8.7% while the **Philadelphia Non-CBD** vacancy was 7.8%.

Philadelphia Office Market – Total Office Market Statistics – Costar 2018 Mid-Year

Total Office Market Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Atlantic City/Hammonton	630	6,802,088	552,452	552,452	8.1%	33,594	16,000	66,000	\$20.12
Bloomsburg/Berwick	189	1,269,878	22,831	22,831	1.8%	5,736	0	0	\$19.85
Chambersburg/Waynesboro	164	1,294,267	39,835	39,835	3.1%	11,238	0	10,104	\$17.21
Delaware	1,240	34,356,871	2,906,968	2,987,034	8.7%	(209,054)	2,240	263,789	\$24.85
Gettysburg	118	880,967	51,541	51,541	5.9%	(14,828)	0	0	\$13.43
Harrisburg/Carlisle	1,809	34,395,363	2,168,257	2,183,477	6.3%	151,876	70,000	0	\$17.54
I-81 Corridor	1,211	16,358,900	962,752	993,816	6.1%	(145,905)	18,000	42,000	\$16.32
Kent County	466	4,813,538	478,075	478,075	9.9%	76,814	0	56,250	\$24.56
Lancaster	986	13,218,223	540,003	545,940	4.1%	248,958	0	12,000	\$16.79
Lebanon	147	1,149,846	65,913	65,913	5.7%	(6,936)	0	0	\$14.54
Lehigh Valley	1,661	27,295,873	2,174,863	2,220,242	8.1%	162,461	281,250	329,000	\$18.37
Monroe County	358	2,183,245	155,123	161,431	7.4%	(8,435)	0	0	\$16.06
Philadelphia CBD	752	59,957,871	4,662,174	5,217,841	8.7%	186,118	0	1,336,682	\$29.64
Philadelphia Non-CBD	2,063	36,434,696	2,697,016	2,840,300	7.8%	165,370	16,000	1,110,000	\$23.60
Reading	703	11,431,211	647,495	655,122	5.7%	(5,479)	40,000	0	\$16.51
Salem County	102	988,374	28,412	28,412	2.9%	4,670	0	0	\$13.27
Schuylkill County	146	1,193,177	21,555	21,555	1.8%	(270)	0	0	\$17.52
Southern New Jersey	3,519	40,741,082	3,297,860	3,448,463	8.5%	160,408	295,500	383,708	\$17.12
Suburban Philadelphia	7,665	132,485,037	11,743,342	12,350,163	9.3%	173,668	53,200	197,506	\$24.21
Sussex County	417	3,123,467	139,122	139,122	4.5%	24,010	11,000	0	\$20.89
Vineland/Bridgeton	278	2,192,970	183,735	183,735	8.4%	(6,850)	0	0	\$14.62
York/Hanover	763	8,784,162	493,358	515,348	5.9%	2,411	0	17,000	\$17.49
Totals	25,387	441,351,106	34,032,682	35,702,648	8.1%	1,009,575	803,190	3,824,039	\$22.72

Source: CoStar Property®

*Costar survey includes Lehigh and Northampton Counties as well as Central Pennsylvania and the I-81 Corridor. Cushman and Wakefield does not include these areas.

Costar, Office Report 2018, 1st Quarter

Sales Analysis by Building Size

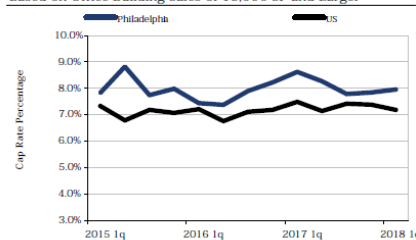
Based on Office Building Sales From April 2017 - March 2018

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 50,000 SF	214	3,781,702	\$501,806,824	\$ 132.65	7.65%
50K-249K SF	61	7,126,888	\$777,354,523	\$ 109.07	7.98%
250K-499K SF	7	2,141,088	\$294,100,000	\$ 137.36	8.63%
>500K SF	7	6,174,949	\$843,378,028	\$ 136.58	6.69%

Source: CoStar CMPS®

U.S. Cap Rate Comparison

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar CMPS®

Philadelphia Office Market – Class A Submarket Statistics – Costar 2018 Mid-Year 2018

Philadelphia – Mid-Year 2018



Philadelphia Office Market

Figures at a Glance

Class A Submarket Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
Adams County	1	57,390	14,441	14,441	25.2%	4,069	0	0	\$22.55
Atlantic City/Hamm.	8	765,000	69,102	69,102	9.0%	7,254	0	66,000	\$21.18
Bala Cynwyd/Narberth	14	2,256,533	196,752	200,640	8.9%	(57,898)	0	0	\$33.61
Berks County	19	2,011,170	76,290	81,290	4.0%	(42,156)	0	0	\$19.47
Bloomsburg/Berwick	0	0	0	0	0.0%	0	0	0	\$0.00
Chambersburg/Waynes.	0	0	0	0	0.0%	0	0	0	\$0.00
Conestogoken	23	3,334,688	180,480	203,603	6.1%	30,434	0	42,000	\$33.29
Delaware County	46	4,827,565	395,068	395,068	8.2%	132,212	0	0	\$28.41
Exton/Whitelands	79	6,887,663	450,786	467,152	6.8%	(181,364)	0	0	\$25.41
Ft. Wash/Spring House	20	2,455,470	308,755	308,755	12.6%	84,834	0	66,966	\$24.98
Gloucester County	3	150,140	5,100	5,100	3.4%	(3,000)	0	40,000	\$18.00
Harrisburg Area East	40	5,203,322	381,056	381,056	7.3%	(77,198)	0	0	\$19.99
Harrisburg Area West	33	2,376,806	187,532	187,532	7.9%	51,671	40,000	0	\$21.52
Horsham/Willow Grove	38	3,899,856	364,983	412,463	10.6%	1,256	0	0	\$24.07
I-81 Corridor	28	2,069,864	116,664	140,975	6.8%	(7,410)	0	42,000	\$16.95
Independence Hall	9	5,028,578	294,408	509,083	10.1%	131,488	0	0	\$29.71
Kent County	2	182,313	17,416	17,416	9.6%	0	0	21,250	\$26.85
King of Prussia/Wayn.	93	8,828,206	977,977	1,078,188	12.2%	(16,506)	0	0	\$30.03
Lancaster County	17	822,885	22,232	22,232	2.7%	14,767	0	0	\$23.93
Lebanon	0	0	0	0	0.0%	0	0	0	\$0.00
Lehigh Valley	56	6,760,128	693,632	721,132	10.7%	201,152	269,832	295,000	\$22.19
Lower Bucks County	51	3,779,849	740,899	772,537	20.4%	(29,558)	0	0	\$24.94
Main Line	8	408,300	52,899	52,899	13.0%	14,368	0	0	\$33.39
Market Street East	7	3,413,244	324,185	335,845	9.8%	(115,266)	0	0	\$33.72
Market Street West	44	26,871,828	2,700,375	2,927,141	10.9%	19,812	0	1,336,682	\$31.32
Monroe County	3	141,000	6,000	6,000	4.3%	0	0	0	\$28.50
Navy Yard	6	579,121	0	0	0.0%	0	0	175,000	\$50.28
Norristown/Valley Fo.	20	2,425,120	109,985	109,985	4.5%	5,348	0	0	\$23.03
North Burlington Cou.	27	2,492,591	148,596	165,184	6.6%	(22,616)	0	0	\$18.39
North Camden County	21	1,977,625	335,502	369,533	18.7%	137,172	250,000	222,376	\$21.22
North New Castle Cou.	28	2,648,969	140,040	197,208	7.4%	2,133	0	0	\$25.43
Northeast Philadelph.	3	1,617,246	354,158	354,158	21.9%	0	0	0	\$0.00
Northwest Philadelph.	0	0	0	0	0.0%	0	0	0	\$0.00
Outer Chester County	6	438,233	7,568	7,568	1.7%	23,302	0	0	\$0.00
Plymouth Mtn/Blue Be.	45	3,966,852	594,639	702,538	17.7%	(98,343)	0	0	\$26.72
Salem County	2	152,251	6,460	6,460	4.2%	24	0	0	\$0.00
Schuylkill County	0	0	0	0	0.0%	0	0	0	\$0.00
South Burlington Cou.	34	2,785,975	225,423	244,957	8.8%	(18,295)	0	88,632	\$21.40
South Camden County	10	1,345,137	91,077	152,560	11.3%	(85,333)	0	0	\$17.68
South New Castle Cou.	40	3,318,603	491,452	494,534	14.9%	(116,487)	0	160,539	\$24.53
South Philadelphia	1	441,000	0	114,659	26.0%	0	0	0	\$22.00
Sussex County	2	137,000	0	0	0.0%	4,150	0	0	\$0.00
University City	11	4,428,434	263,368	263,368	5.9%	(5,590)	0	890,000	\$43.52
Upper Bucks County	10	522,443	25,545	36,204	6.9%	(3,928)	0	0	\$26.61
Upper Main Line	23	2,274,574	190,303	235,865	10.4%	50,103	0	0	\$37.42
Vineland/Bridgeton	0	0	0	0	0.0%	0	0	0	\$0.00
West Chester	14	759,228	53,964	53,964	7.1%	10,910	0	0	\$26.42
West Montgomery Cou.	10	1,443,099	12,264	66,737	4.6%	7,292	0	0	\$23.70
West New Castle Cou.	17	1,646,567	128,502	132,139	8.0%	44,672	0	103,250	\$27.08
West Philadelphia	0	0	0	0	0.0%	0	0	0	\$0.00
Wilmington CBD	33	7,199,804	1,081,821	1,088,375	15.1%	(61,404)	0	0	\$27.99
York County	6	548,717	116,672	116,672	21.3%	(1,673)	0	0	\$21.08
Totals	1,011	135,680,387	12,954,371	14,222,318	10.5%	34,398	559,832	3,549,695	\$27.35

Source: Costar Research

Philadelphia Office Market – Class B Submarket Statistics – Costar 2018 Mid-Year 2018

Philadelphia Office Market									
Figures at a Glance									

Class B Submarket Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
Adams County	37	388,494	20,876	20,876	5.4%	(3,586)	0	0	\$13.41
Atlantic City/Hammonton	218	2,983,739	265,465	265,465	8.9%	22,316	16,000	0	\$20.34
Bala Cynwyd/Narberth	42	1,311,024	43,027	44,477	3.4%	14,347	0	0	\$28.65
Berks County	280	5,739,737	363,189	365,254	6.4%	27,886	40,000	0	\$15.96
Bloomsburg/Berwick	81	767,122	0	0	0.0%	0	0	0	\$24.58
Chambersburg/Waynesboro	55	617,804	17,830	17,830	2.9%	7,569	0	10,104	\$18.46
Conshohocken	66	814,822	37,297	38,197	4.7%	(10,522)	0	0	\$27.04
Delaware County	352	8,007,744	447,452	456,460	5.7%	52,505	40,000	0	\$22.51
Exton/Whiteland	307	6,023,734	344,250	369,502	6.1%	(36,167)	0	11,056	\$23.48
Ft. Wash/Spring House	111	1,930,932	93,247	93,247	4.8%	11,925	0	17,500	\$23.54
Gloucester County	225	2,393,608	212,887	212,887	8.9%	(27,079)	38,700	0	\$15.65
Harrisburg Area East	395	11,806,242	711,006	712,806	6.0%	89,415	30,000	0	\$17.10
Harrisburg Area West	312	6,877,477	353,468	356,638	5.2%	(35,255)	0	0	\$16.52
Horsesham/Willow Grove	225	5,580,048	477,000	496,000	8.9%	102,890	0	0	\$23.43
I-81 Corridor	446	8,455,481	589,084	595,837	7.0%	(30,208)	18,000	0	\$15.45
Independence Hall	49	3,399,379	427,845	430,352	12.7%	190,141	0	0	\$25.06
Kent County	214	2,724,627	376,025	376,025	13.8%	70,972	0	35,000	\$25.00
King of Prussia/Wayn.	159	4,363,510	911,806	913,084	20.9%	(217,712)	0	0	\$23.93
Lancaster County	378	7,316,656	298,686	304,623	4.2%	222,761	0	12,000	\$17.29
Lebanon	46	540,627	33,311	33,311	6.2%	5,767	0	0	\$14.83
Lehigh Valley	647	13,084,865	1,094,260	1,112,139	8.5%	(92,272)	11,418	34,000	\$17.39
Lower Bucks County	431	7,537,983	1,055,808	1,068,545	14.2%	139,118	13,200	13,899	\$18.76
Main Line	63	1,033,552	61,980	61,980	6.0%	(3,428)	0	0	\$33.37
Market Street East	75	7,088,610	422,489	441,006	6.2%	(30,126)	0	0	\$27.17
Market Street West	127	7,595,056	296,648	310,564	4.1%	(15,421)	0	0	\$23.86
Monroe County	122	1,028,721	84,883	84,883	8.3%	914	0	0	\$17.13
Navy Yard	14	513,203	35,536	57,864	11.3%	3,547	0	0	\$38.26
Norristown/Valley Fo.	139	3,165,382	159,200	159,200	5.0%	115,637	0	0	\$19.15
North Burlington Cou.	167	3,512,730	320,708	320,708	9.1%	8,549	6,800	0	\$15.92
North Camden County	258	5,169,349	597,819	607,528	11.8%	55,393	0	0	\$17.02
North New Castle Cou.	74	2,838,551	249,626	249,626	8.8%	(82,613)	0	0	\$25.26
Northeast Philadelph.	189	5,265,354	638,484	638,484	12.1%	45,138	0	45,000	\$21.18
Northwest Philadelph.	102	3,357,497	134,540	137,115	4.1%	20,428	16,000	0	\$20.75
Outer Chester County	111	1,408,619	130,053	130,053	9.2%	(24,929)	0	0	\$19.80
Plymouth Mtg/Blue Be.	140	3,875,342	871,349	909,070	23.5%	2,099	0	0	\$26.66
Salem County	24	513,174	15,217	15,217	3.0%	4,193	0	0	\$14.56
Schuylkill County	40	542,253	11,085	11,085	2.0%	(1,600)	0	0	\$18.08
South Burlington Cou.	228	4,256,538	329,560	329,560	7.7%	671	0	32,700	\$16.42
South Camden County	209	3,257,501	326,166	335,424	10.3%	53,158	0	0	\$17.43
South New Castle Cou.	208	4,295,737	233,114	233,114	5.4%	(732)	0	0	\$21.08
South Philadelphia	79	1,454,161	119,755	119,755	8.2%	21,560	0	0	\$27.10
Sussex County	162	1,665,287	79,318	79,318	4.8%	20,562	11,000	0	\$24.70
University City	35	2,082,517	59,109	59,109	2.8%	(33,491)	0	0	\$37.03
Upper Bucks County	202	2,057,879	167,526	168,829	8.2%	22,233	0	12,500	\$18.82
Upper Main Line	111	1,834,002	92,115	116,115	6.3%	(11,217)	0	0	\$22.25
Vineland/Bridgeton	89	973,002	109,667	109,667	11.3%	2,526	0	0	\$17.68
West Chester	163	2,850,428	149,344	149,344	5.2%	1,653	0	0	\$23.59
West Montgomery Cou.	261	3,625,548	465,668	494,038	13.6%	39,660	0	33,585	\$18.29
West New Castle Coun.	109	2,534,372	139,649	139,649	5.5%	(47,750)	2,240	0	\$25.00
West Philadelphia	26	656,755	37,688	37,688	5.7%	16,716	0	0	\$17.45
Wilmington CBD	100	4,389,266	145,083	145,083	3.3%	15,415	0	0	\$19.57
York County	222	4,119,819	183,026	205,016	5.0%	17,148	0	17,000	\$18.39
Totals	8,925	189,625,860	14,840,224	15,139,647	8.0%	720,704	243,358	274,344	\$20.64

Source: CoStar Property®

Philadelphia Office Market – Class C Submarket Statistics – Costar 2018 Mid-Year 2018

Philadelphia – Mid-Year 2018



Philadelphia Office Market

Figures at a Glance

Class C Submarket Statistics

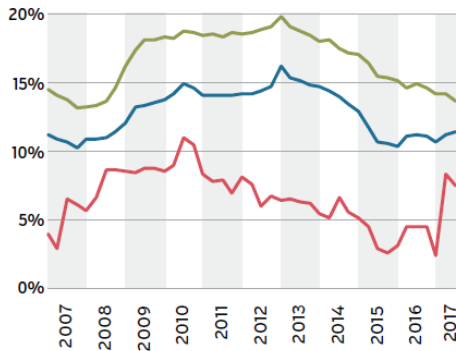
Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Adams County	80	435,083	16,224	16,224	3.7%	(15,311)	0	0	\$4.32
Atlantic City/Hammonton	404	3,053,349	217,885	217,885	7.1%	4,024	0	0	\$19.56
Bala Cynwyd/Narberth	90	627,699	84,670	85,470	13.6%	4,695	0	0	\$23.32
Berks County	404	3,680,304	208,016	208,578	5.7%	8,791	0	0	\$15.30
Bloomsburg/Berwick	108	502,756	22,831	22,831	4.5%	5,736	0	0	\$13.24
Chambersburg/Waynesboro	109	676,463	22,005	22,005	3.3%	3,669	0	0	\$16.06
Conshohocken	80	423,553	20,082	20,082	4.7%	(3,300)	0	0	\$21.23
Delaware County	681	5,108,001	367,222	367,222	7.2%	(33,659)	0	0	\$18.68
Exton/Whitelands	271	1,890,948	112,709	112,709	6.0%	(40,634)	0	0	\$17.47
Ft. Wash/Spring House	140	888,164	30,041	30,041	3.4%	20,764	0	0	\$20.97
Gloucester County	503	2,495,795	76,929	76,929	3.1%	1,766	0	0	\$13.25
Harrisburg Area East	618	5,628,549	380,966	391,216	7.0%	120,813	0	0	\$14.38
Harrisburg Area West	411	2,502,967	154,229	154,229	6.2%	2,430	0	0	\$15.70
Horsham/Willow Grove	392	2,671,341	198,747	198,747	7.4%	(70,077)	0	0	\$18.18
I-81 Corridor	737	5,833,555	257,004	257,004	4.4%	(108,287)	0	0	\$16.85
Independence Hall	104	1,008,381	58,641	58,641	5.8%	13,807	0	0	\$26.15
Kent County	250	1,906,598	84,634	84,634	4.4%	5,842	0	0	\$22.92
King of Prussia/Wayn.	108	1,103,323	90,380	92,578	8.4%	(444)	0	0	\$16.60
Lancaster County	591	5,078,682	219,085	219,085	4.3%	11,430	0	0	\$15.07
Lebanon	101	609,219	32,602	32,602	5.4%	(12,703)	0	0	\$14.06
Lehigh Valley	958	7,450,880	386,971	386,971	5.2%	53,581	0	0	\$17.09
Lower Bucks County	628	3,810,450	155,982	157,487	4.1%	73,319	0	0	\$20.10
Main Line	132	950,671	51,726	51,726	5.4%	9,668	0	0	\$30.85
Market Street East	129	2,476,739	93,826	161,452	6.5%	990	0	0	\$23.05
Market Street West	208	3,076,056	43,757	43,757	1.4%	(9,307)	0	0	\$29.17
Monroe County	233	1,013,524	64,240	70,548	7.0%	(9,349)	0	0	\$14.08
Navy Yard	23	893,173	4,182	4,182	0.5%	(354)	0	0	\$32.86
Norristown/Valley Fo.	350	2,026,373	112,379	112,379	5.5%	11,139	0	0	\$17.04
North Burlington Cou.	246	1,952,125	104,918	104,918	5.4%	11,720	0	0	\$11.36
North Camden County	817	4,876,716	186,010	186,010	3.8%	22,373	0	0	\$15.38
North New Castle Cou.	97	837,858	60,229	60,229	7.2%	4,619	0	0	\$22.54
Northeast Philadelph.	639	6,760,264	353,908	357,630	5.3%	120,631	0	0	\$20.18
Northwest Philadelph.	370	3,026,945	77,382	77,382	2.6%	22,257	0	0	\$17.85
Outer Chester County	174	1,025,850	75,834	75,834	7.4%	(12,781)	0	0	\$19.90
Plymouth Mtg/Blue Be.	155	1,178,018	52,387	52,387	4.4%	17,408	0	0	\$21.08
Salem County	76	322,949	6,735	6,735	2.1%	453	0	0	\$10.43
Schuylkill County	106	650,924	10,470	10,470	1.6%	1,330	0	0	\$16.51
South Burlington Cou.	292	1,856,856	176,351	176,351	9.5%	18,343	0	0	\$15.74
South Camden County	479	2,218,396	160,814	160,814	7.2%	7,586	0	0	\$14.13
South New Castle Cou.	226	1,733,669	90,891	100,516	5.8%	31,511	0	0	\$15.41
South Philadelphia	426	2,421,559	434,410	434,410	17.9%	3,184	0	0	\$23.19
Sussex County	253	1,321,180	59,804	59,804	4.5%	(702)	0	0	\$17.26
University City	44	1,244,554	115,723	115,723	9.3%	(60,805)	0	0	\$44.07
Upper Bucks County	329	1,698,610	68,076	68,076	4.0%	(4,866)	0	0	\$20.06
Upper Main Line	152	938,760	29,703	29,703	3.2%	(85)	0	0	\$23.62
Vineland/Bridgeton	189	1,219,968	74,068	74,068	6.1%	(9,376)	0	0	\$13.55
West Chester	182	1,635,879	48,477	48,477	3.0%	9,746	0	0	\$21.79
West Montgomery Cou.	418	2,579,169	74,938	74,938	2.9%	22,221	0	0	\$15.70
West New Castle Coun.	80	651,520	16,928	16,928	2.6%	2,196	0	0	\$17.10
West Philadelphia	95	1,692,913	68,773	68,773	4.1%	12,149	0	0	\$20.97
Wilmington CBD	228	2,261,955	129,633	129,633	5.7%	(614)	0	0	\$19.26
York County	535	4,115,626	193,660	193,660	4.7%	(13,064)	0	0	\$14.76
Totals	15,451	116,044,859	6,238,087	6,340,683	5.5%	254,473	0	0	\$17.88

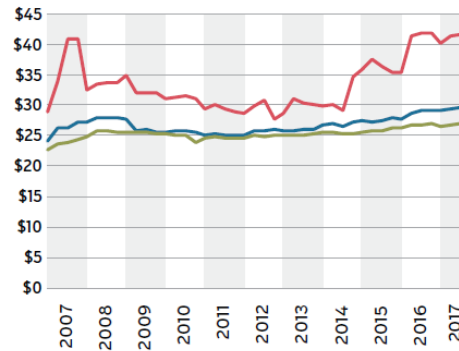
Source: CoStar Property®

The University City Office market leads the city and the region in having the highest occupancy rates and the highest asking rents and the lowest vacancy rates.²⁵

Total Vacancy Rate



Asking Gross Rent (per sq ft)



● University City ● Downtown Philadelphia ● Region

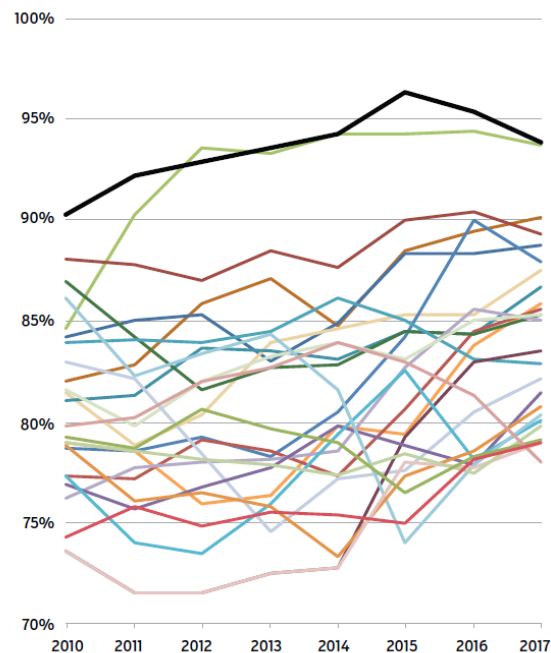
Note: Downtown Philadelphia includes University City and Center City
Source: CBRE

Occupancy in University City is higher than the Main Line, Conshohocken or Market West/Market East markets.

Office Occupancy Rates Among 25 Regional Submarkets

Submarket	Occupancy Rate*
University City	92.6%
Main Line	90.7%
Conshohocken	89.3%
Market West	88.7%
Market East	88.7%
Bala Cynwyd	88.7%
Delaware County	88.1%
Lehigh Valley West	87.5%
King Of Prussia/Valley Forge	87.0%
Exton/West Chester	86.2%
Independence Hall	84.9%
Jenkintown	84.6%
New Castle County Suburbs	84.4%
Burlington County	84.3%
Central Bucks County	84.1%
Plymouth Meeting	84.0%
Horsham/Willow Grove	83.4%
Upper Main Line	82.8%
Gloucester County	81.7%
Camden County	81.5%
Blue Bell	80.8%
Wilmington CBD	80.6%
Fort Washington	80.0%
Lehigh Valley East	79.3%
Lower Bucks County	78.8%

*2017 (Q3) Source: CBRE



²⁵ The State of University City 2018

West Philadelphia/University City Market Office Market

The subject marketplace is West Philadelphia. It is in West Philadelphia but near the University City Market. While vacancy is low in both markets, rental rates are significantly higher in University City compared to West Philadelphia according to **Costar**.

- For West Philadelphia, Quoted rates were \$22.34 with a vacancy rate of 3.8%.. The average market price was \$209 per square foot.
- For University City, Quoted rates were \$37.83 with a vacancy rate of 7.6%.. The average market price was \$242 per square foot.

Costar Analytics also offers a current assessment of each market as summarized below:

West Philadelphia Office Submarket ▾			2.4 M ↓	0 ↓	37 K	3.8% ↓	\$22.34 ↓	\$209 ↓	7.1% ↓
Philadelphia - PA ☆☆☆☆			Inventory SF	Under Constr SF	12 Mo Net Absorp SF	Vacancy Rate	Market Rent/SF	Market Sale Price/SF	Market Cap Rate
AVAILABILITY	SUBMARKET	MARKET							
Market Rent/SF	\$22.34 ↓	\$25.17 ↓							
Vacancy Rate	3.8% ↓	8.9% ↓							
Vacant SF	88.8 K ↓	27.3 M ↓							
Availability Rate	8.8% ↓	13.1% ↓							
Available SF	208 K ↓	40.5 M ↓							
Sublet SF	0 ↓	3.4 M ↓							
Months on Market	7.0	14.4							
DEMAND	SUBMARKET	MARKET							
12 Month Net Absorption SF	37 K	936 K							
6 Month Leasing Probability	31.6%	24.8%							
INVENTORY	SUBMARKET	MARKET							
Buildings	122 ↓	15,534 ↓							
Inventory SF	2.4 M ↓	306 M ↓							
Average Building SF	19.3 K ↓	19.7 K ↓							
Under Construction SF	0 ↓	3.5 M ↓							
12 Month Delivered SF	0 ↓	707 K ↓							
SALES	SUBMARKET	MARKET							
12 Month Properties Sold	5 ↓	780 ↓							
Market Sale Price/SF	\$209 ↓	\$190 ↓							
Average Market Sale Price	\$4 M ↓	\$3.8 M ↓							
12 Month Sales Volume	\$3 M ↓	\$2.1 B ↓							
Market Cap Rate	7.1% ↓	7.2% ↓							

University City Office Submarket ▾			7.5 M ↓	890 K ↓	(192 K)	7.6% ↓	\$37.83 ↓	\$242 ↓	6.6% ↓
Philadelphia - PA ☆☆☆☆			Inventory SF	Under Constr SF	12 Mo Net Absorp SF	Vacancy Rate	Market Rent/SF	Market Sale Price/SF	Market Cap Rate
AVAILABILITY	SUBMARKET	MARKET							
Market Rent/SF	\$37.83 ↓	\$25.17 ↓							
Vacancy Rate	7.6% ↓	8.9% ↓							
Vacant SF	574 K ↓	27.3 M ↓							
Availability Rate	9.0% ↓	13.1% ↓							
Available SF	755 K ↓	40.5 M ↓							
Sublet SF	39.6 K ↓	3.4 M ↓							
Months on Market	12.2	14.4							
DEMAND	SUBMARKET	MARKET							
12 Month Net Absorption SF	(192 K)	936 K							
6 Month Leasing Probability	13.2%	24.8%							
INVENTORY	SUBMARKET	MARKET							
Buildings	90 ↓	15,534 ↓							
Inventory SF	7.5 M ↓	306 M ↓							
Average Building SF	83.4 K ↓	19.7 K ↓							
Under Construction SF	890 K ↓	3.5 M ↓							
12 Month Delivered SF	0 ↓	707 K ↓							
SALES	SUBMARKET	MARKET							
12 Month Properties Sold	2 ↓	780 ↓							
Market Sale Price/SF	\$242 ↓	\$190 ↓							
Average Market Sale Price	\$22.1 M ↓	\$3.8 M ↓							
12 Month Sales Volume	\$35 M ↓	\$2.1 B ↓							
Market Cap Rate	6.6% ↓	7.2% ↓							

Costar Summary of Market:

*"Given its relatively tight vacancy rate of 7.6%, University City arguably already has a shortage of modern investment-grade office space. With the Philadelphia metro's working-age population growth set to slow even further over the next five to 10 years, firms in Philadelphia's STEM industries will likely pay an increasing premium to locate in University City to gain an edge in attracting graduates from nearby Penn, Drexel, and the University of the Sciences. In other words, University City is likely to stand out for office rent growth over the next five to 10 years, just as it has this cycle, and it is no surprise that this is where some of the metro's most talked about mixed-use office developments, including uCity Square and Schuylkill Yards are taking shape."*²⁶

The market breakdown below lists the Class of buildings in each area taken from **Costar** for the previously exhibited Class A, B and C markets:

Costar Office - 2018 - Quarter 2				
Market	Class	Total Square Feet	Vacancy	Quoted Rate
West Philadelphia	A	0		
	B	656,755	5.7%	\$17.45
	C	1,692,913	4.1%	\$20.97
		2,349,668		
University City	A	4,428,434	5.9%	\$43.52
	B	2,082,517	2.8%	\$37.03
	C	1,244,554	9.3%	\$44.07
		7,755,505		

REIS

According to **REIS** Reports for the first quarter of 2018, the submarket has an average asking rent of \$34.60 per sq. ft., up 0.5% from the end of 2017. The forecast for the end of 2018 is \$35.10. Average vacancy is 9.8%, down 10 basis points from the end of 2017. Vacancy for the end of 2018 is forecast to be 10.1%.

According to **REIS**, West Philadelphia contains 4.8 million market rate rental square feet, or 4.3% of the metro's total inventory of office space. In the ten-year period beginning with Q2 2008, new additions to the submarket totaled 1.6 million square feet, amounting to an annualized inventory growth rate of 4.2%; over the same period, the metro growth rate has been 0.1%.

The submarket has now experienced five consecutive quarterly gains in asking rent, for a cumulative total of 7.9%.

The first quarter's positive absorption in the submarket follows 5,000 square feet of negative absorption observed in Q4 2017. Over the last four quarters, submarket absorption totaled negative 191,000 square feet; by comparison, the average annual absorption rate recorded since the beginning of Q2 2008 is 139,300 square feet. The submarket's average vacancy rate drifted downward by 10 basis points during the first quarter to 9.8%, which is 2.7 percentage points higher than the long-term average, but 3.2 percentage points lower than the current metro average.

²⁶ Costar Market Analytics 9/18/2018.

Construction and Absorption									
	Quarterly								
	1Q18			4Q17			YTD Avg		
	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio
West Philadelphia	0	5,000	0.0	0	-5,000	0.0	0	5,000	0.0
Philadelphia	0	191,000	0.0	220,000	134,000	1.6	0	191,000	0.0
Average over period ending:	03/31/18	03/31/18	03/31/18	12/31/17	12/31/17	12/31/17	03/31/18	03/31/18	03/31/18

According to the table above, West Philadelphia added no new space in the last two quarters and experienced a net zero absorption during that time. As shown below, in the last five years, 30% of new construction has not been absorbed.

	Annualized								
	1 Year History			3 Year History			5 Year History		
	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio	Sq Ft Built	Sq Ft Absorbed	Con/Abs Ratio
West Philadelphia	625,000	393,000	1.6	218,000	158,000	1.4	150,000	115,000	1.3
Philadelphia	1,054,000	86,000	12.3	405,000	394,000	1.0	341,000	340,000	1.0
Average over period ending:	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17

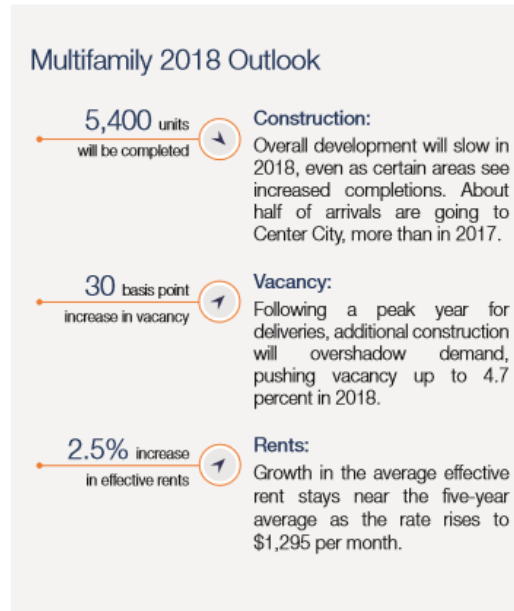
Conclusion

For the future 5 to 10 years as predicted by **Costar**, it is likely that the University City office will continue to outperform Philadelphia and the metro area in all significant economic indicators. Major contributors to this growth include:

- The tight office inventory based on a 7.6% vacancy
- Philadelphia's STEM industries willingness to pay a premium to attract graduates from Penn/Drexel/University of the Sciences as the existing metro's working age population retires.
- The growth of new mixed-use office developments at uCity Square and Schuylkill Yards will create a synergy that causes additional growth – "Growth Begets Growth".

PHILADELPHIA APARTMENT MARKET

According to *Marcus & Millichap's Multifamily Market Report for 1st Quarter 2018 for the Philadelphia Metro Area*, construction will slow slightly, vacancy will rise, and average rents will rise.



According to *Center City Housing in Philadelphia 2018* report published by the Center City District and Central Philadelphia Development Corporation, median apartment rental prices per square foot per month rose steadily through 2017.

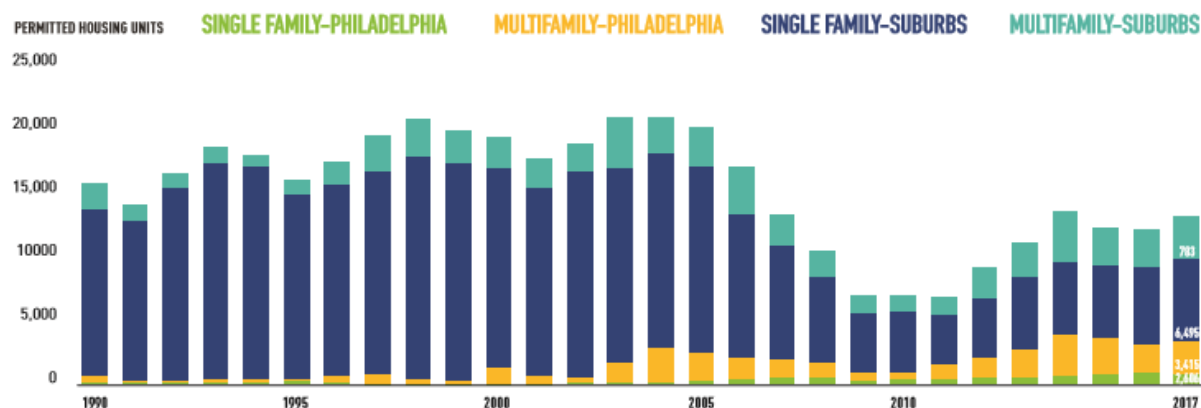
FIGURE 8: RENTS PER SQUARE FOOT BY ZIP CODE, 2011-2017

AREA	2011	2012	2013	2014	2015	2016	2017
CORE	\$2.03	\$2.09	\$2.12	\$2.13	\$2.16	\$2.21	\$2.18
19102	\$2.18	\$2.26	\$2.30	\$2.34	\$2.38	\$2.41	\$2.36
19103	\$2.16	\$2.22	\$2.28	\$2.30	\$2.30	\$2.40	\$2.34
19106	\$1.93	\$1.98	\$1.98	\$1.99	\$2.01	\$2.07	\$2.06
19107	\$1.83	\$1.90	\$1.92	\$1.90	\$1.93	\$1.98	\$1.96
EXTENDED NORTH	\$1.40	\$1.42	\$1.47	\$1.49	\$1.55	\$1.58	\$1.57
19123	\$1.31	\$1.34	\$1.39	\$1.41	\$1.49	\$1.51	\$1.50
19130	\$1.48	\$1.49	\$1.55	\$1.57	\$1.60	\$1.66	\$1.64
EXTENDED SOUTH	\$1.14	\$1.16	\$1.19	\$1.23	\$1.32	\$1.38	\$1.41
19146	\$1.03	\$1.03	\$1.05	\$1.12	\$1.22	\$1.28	\$1.32
19147	\$1.26	\$1.30	\$1.33	\$1.35	\$1.43	\$1.49	\$1.50

Source: Zillow, Zillow Rent Index (ZRI)

Residential units completed by type through 2017 illustrate the preponderance of rental apartments, as opposed to condominiums and single family homes.

FIGURE 15: PERMITS BY TYPE, PHILADELPHIA METROPOLITAN AREA (CITY V. SUBURBS)



Source: US Census, Building Permits Survey

Overall, the Philadelphia apartment market is expected to continue with low but rising vacancy, increasing rents and low "Cap Rates" for the mid-range term.

West Philadelphia Apartment Market

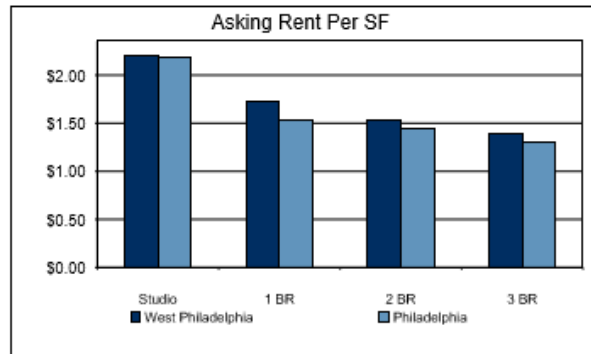
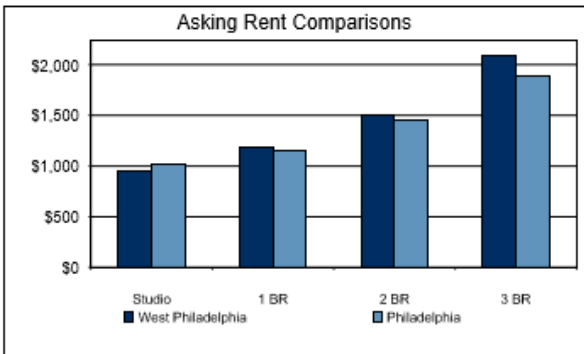
According to **Reis Reports**, the West Philadelphia apartment market experienced an average asking rent of \$1,278 and the lowest rate of rent growth in the nation. The figure is down 1.3% from the end of 2017. By the end of 2018, average rents are forecast to be \$1,353. Average vacancy is 7.4%, down a full percentage point since the end of 2017, and the lowest rate since the 3rd quarter of 2015. Vacancy is forecast to be 7.7% by the end of 2018.

West Philadelphia contains 7,473 market rate rental units, or 3.4% of the metro's total inventory of market rate rental apartments. In the ten-year period beginning with Q2 2008, new additions to the submarket totaled 1,154 units, while 177 units were removed from the inventory of market rate rentals. The net total gain of 977 apartments amounts to an annualized inventory growth rate of 1.4%, exceeding the metro growth rate by 0.4 percentage points over the same period. Over the last four quarters, submarket absorption totaled 295 units, nearly triple the average annual absorption rate of 100 units recorded since the beginning of Q2 2008.

As shown in the table below, unit rents ranged from \$2.20 per sq. ft. per month for a studio down to \$1.40 per square foot for a three bedroom. Rents by unit type and unit rents are close to the City as a whole. Annual rent growth ranged from 15% for a studio to 45% for a 3-bedroom.

Section 6 - Submarket Unit Mix Rent Details

Current Submarket Average Rents and Sizes				Asking Rent Growth					
	1Q 2018			Quarterly			Annualized		
	Rent	Avg. SF	Avg. Rent PSF	1Q18	4Q17	YTD	1 Year	3 Year	5 Year
Studio/Efficiency	\$951	432	\$ 2.20	2.3%	9.0%	2.3%	15.0%	5.8%	2.8%
One Bedroom	\$1,189	692	\$ 1.72	5.0%	4.6%	5.0%	12.4%	9.7%	5.0%
Two Bedroom	\$1,503	979	\$ 1.54	-11.9%	14.6%	-11.9%	22.1%	14.8%	8.2%
Three Bedroom	\$2,081	1490	\$ 1.40	10.6%	2.0%	10.6%	45.1%	8.4%	7.9%
Average over period ending:				03/31/18	12/31/17	03/31/18	12/31/17	12/31/17	12/31/17



	Studio	1 BR	2 BR	3 BR
West Philadelphia	\$951	\$1,189	\$1,503	\$2,081
Philadelphia	\$1,024	\$1,147	\$1,447	\$1,881
As of 03/31/18				

	Studio	1 BR	2 BR	3 BR
West Philadelphia	\$ 2.20	\$ 1.72	\$ 1.54	\$ 1.40
Philadelphia	\$ 2.18	\$ 1.54	\$ 1.44	\$ 1.31
As of 03/31/18				

Section 10 - Construction/Absorption Change

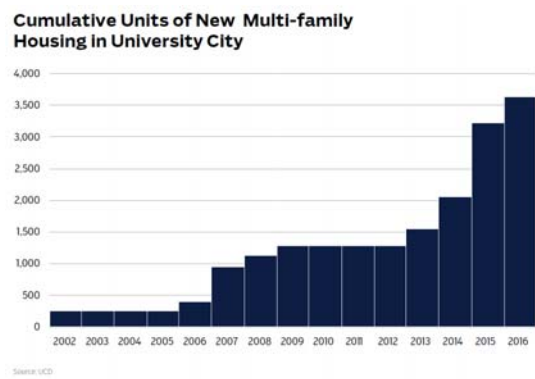
Construction and Absorption

	Quarterly								
	1Q18			4Q17			YTD Avg		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
West Philadelphia	0	75	0.0	135	101	1.3	0	75	0.0
Philadelphia	828	420	2.0	1,014	489	2.1	828	420	2.0
Average over period ending:									
	03/31/18	03/31/18	03/31/18	12/31/17	12/31/17	12/31/17	03/31/18	03/31/18	03/31/18

	Annualized								
	1 Year History			3 Year History			5 Year History		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
West Philadelphia	295	245	1.2	347	179	1.9	231	128	1.8
Philadelphia	4,126	3,541	1.2	3,925	3,269	1.2	3,153	2,813	1.1
Average over period ending:									
	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17

The most recent one-year history indicates that 4,126 were built and 3,541 were absorbed.

The State of University City 2018 has compiled the cumulative units of new Multi-family housing units in University City.



The table below summarizes data from the **Trend Multilist** database. This information was exported from MLSTrend for apartment rentals for zip codes 19104 (University City) and 19139 (West Philadelphia). In this analysis, West Philadelphia is a smaller area than the submarket referred to in the **REIS** reports above. The Trend data are for the last six months, and exclude listings. The data supporting the chart below is exhibited in the Addendum.

The table shows a contrast between the more affluent and rapidly developing 19104 vs. the poorer 19139 which has an older housing stock and much less commercial development. The contrast will be further illustrated in the analysis of the home sales market later in this report.

Even in 19104, the average rents by unit type and the rents per sq. ft. per month are lower than the figures reported by **REIS** for their West Philadelphia submarket as a whole. The **REIS** data include more affluent neighborhoods around the Drexel and University of Pennsylvania campuses, along the Schuylkill River, and in Overbrook and Parkside.

The Trend data show the importance of analyzing neighborhood specific data to getting a clear picture of the area around the subject. Later in this report, we show that new apartment developments are occurring south and east of the subject. These developments are part of the expansion of the University City orbit, and are anticipating the enormous developments at uCity (former University City High School) and Schuylkill Yards.

	19104		19139	
	Rent	Rent/SF	Rent	Rent/SF
Studio	\$763	\$1.75	\$750	
1 BR	\$1,078	\$1.95	\$781	\$0.66
2 BR	\$1,360	\$1.71	\$946	\$1.07
3 BR	\$1,813	\$1.16	\$1,092	\$1.01
4 BR	\$1,846	\$0.87	\$1,400	\$1.18

Rental rates for 1-bedroom to 4-bedroom units area about 24% to 39% lower in 19139 zip code than in 19104 zip code.

Conclusion

The subject neighborhood is on a boundary between a more affluent and rapidly developing University City, and an older residential area (zip code 19139) in which the median household income is below the poverty level. That poverty, along with the vacant lots along the 4600 block of Market St., show that the area is not yet ready for market rate development. It will benefit from development plans that are promoted and subsidized by government in an attempt to extend medical and social services to people who are under served.

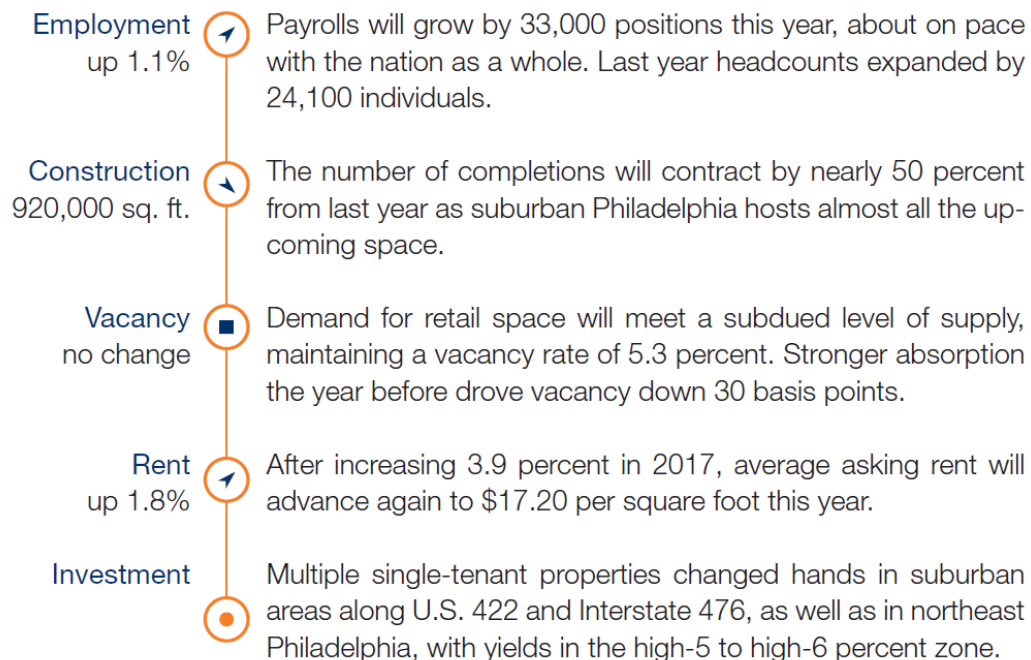
PHILADELPHIA RETAIL MARKET

Retail data has been compiled using *Marcus & Millichap*, *Costar* and *Reis*. *Marcus & Millichap* shows overall trends while *Costar* shows individual market areas as well as types of retail space.

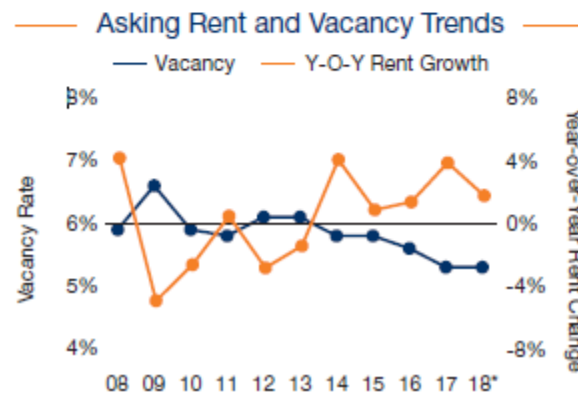
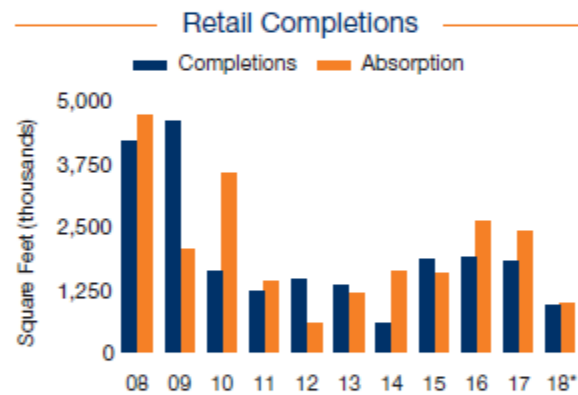
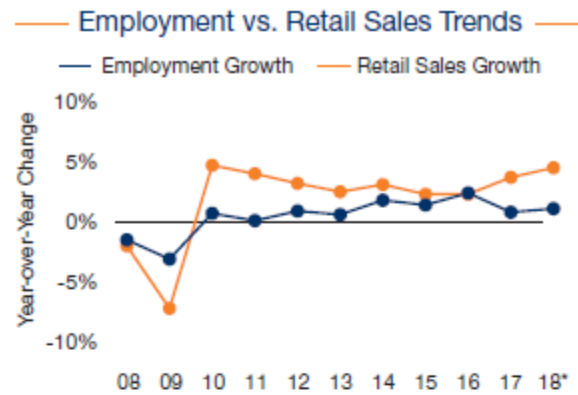
- According to *Marcus & Millichap's 1st Quarter 2018 Report*, Philadelphia Metro vacancy was 5.3%, down from 6.2% in 2015. Asking rents were \$17.20 per square foot.
- According to *Costar 2nd Quarter 2018 Retail Report*, Philadelphia Metro vacancy was 4.4%, and quoted rates \$15.32 per square foot. For buildings under 25,000 square feet, "Cap Rates" were 7.44% and for buildings between 25,000 and 99,000 square foot.
- According to *Marcus & Millichap's 1st Quarter 2018 Report for the Philadelphia Metro area*, asking rates were \$17.20 square foot up 1.8% from 2017 after an increase of 3.8% in 2017 from 2016.
- *Reis* reports as of February 2018 average asking rents of \$21.31 for the metro and \$22.21 for Philadelphia County.
- According to *Costar 2nd Quarter 2018 Retail Report for Philadelphia CBD*, general retail vacancy was 1.9% and quoted rates were \$30.47 per square foot while *non-CBD* had a 2.4% vacancy and quoted rates of \$17.35 per square foot.

Marcus & Millichap's 1st Quarter 2018 Report – Philadelphia Metro Area

2018 Market Forecast

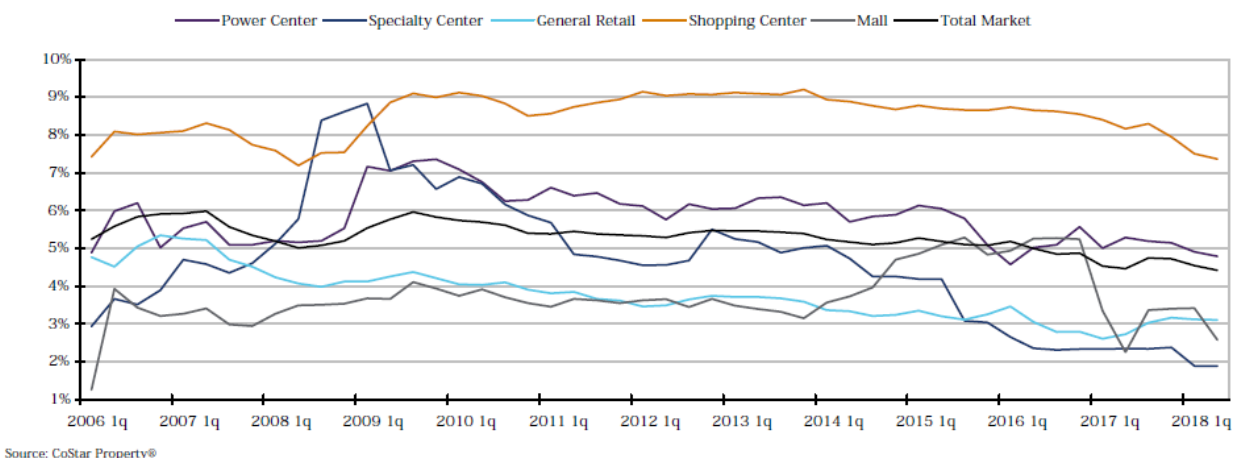


Overall, employment is up 1.1%, vacancy remains stable at 5.3%, rent is up 1.38%, retail sales are increasing faster than employment growth and asking rents are fluctuating slightly while projected retail completions are down.



Vacancy Rates by Building Type

2006-2018



General Retail Market Statistics and Total Retail Market Statistics (including general retail, mall, power center, shopping center, and specialty center) are exhibited below for the Philadelphia Retail Market.

General Retail Market Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Atlantic City/Hamilton	1,398	9,067,566	359,516	359,516	4.0%	72,963	9,250	1,586	\$11.77
Bloomsburg/Berwick	684	5,102,063	33,877	33,877	0.7%	5,103	0	0	\$8.13
Chambersburg/Waynesboro	363	2,945,738	36,827	36,827	1.3%	23,664	0	9,100	\$12.63
Delaware	1,653	12,290,137	372,652	372,652	3.0%	9,105	37,050	57,095	\$19.38
Gettysburg	290	2,362,655	53,014	53,014	2.2%	30,377	0	0	\$9.93
Harrisburg/Carlisle	1,914	15,674,350	401,193	404,798	2.6%	(3,935)	0	36,790	\$13.47
I-81 Corridor	3,285	24,550,377	749,984	749,984	3.1%	(227,335)	0	0	\$9.09
Kent County	682	5,131,592	302,968	302,968	5.9%	(64,931)	0	65,000	\$13.41
Lancaster	1,598	14,409,269	357,225	359,925	2.5%	289,692	211,200	234,309	\$19.31
Lebanon	377	3,282,819	153,257	153,257	4.7%	26,505	9,002	0	\$11.31
Lehigh Valley	3,004	23,743,004	625,258	639,082	2.7%	(64,013)	8,320	14,050	\$14.07
Monroe County	721	5,164,073	236,085	236,085	4.6%	29,899	0	0	\$11.96
Philadelphia CBD	1,549	10,964,360	200,239	213,199	1.9%	22,783	0	10,400	\$30.47
Philadelphia Non-CBD	8,805	41,770,242	1,011,604	1,018,333	2.4%	379,195	124,465	46,018	\$17.35
Reading	1,432	13,939,486	517,720	517,720	3.7%	104,699	2,000	0	\$9.64
Salem County	297	2,018,602	185,059	185,059	9.2%	54,678	0	0	\$8.84
Schuylkill County	600	4,185,015	37,000	37,000	0.9%	21,832	0	26,520	\$8.92
Southern New Jersey	6,062	35,895,078	1,258,931	1,309,552	3.6%	(67,777)	20,000	576,067	\$17.38
Suburban Philadelphia	9,494	65,190,974	2,109,920	2,131,323	3.3%	103,769	159,111	358,731	\$17.84
Sussex County	733	5,708,811	155,030	155,030	2.7%	27,043	0	9,000	\$13.97
Vineland/Bridgeton	665	4,748,563	187,421	204,565	4.3%	50,438	0	0	\$20.06
York/Hanover	1,332	11,801,238	456,997	460,054	3.9%	(87,718)	0	98,704	\$13.00
Totals	46,938	319,946,012	9,801,777	9,933,820	3.1%	736,036	580,398	1,543,370	\$15.67

Source: CoStar Property®

Individual Markets for General Retail are exhibited below.

Mid-Year 2018 - Philadelphia

Philadelphia Retail Market



Figures at a Glance

General Retail Submarket Statistics

Mid-Year 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total GLA	Direct SF	Total SF	Vac %				
Adams County	290	2,362,655	53,014	53,014	2.2%	30,377	0	0	\$9.93
Atlantic City/Hammon.	1,398	9,067,566	359,516	359,516	4.0%	72,963	9,250	1,586	\$11.77
Bala Cynwyd/Narberth	175	919,191	29,049	29,049	3.2%	(5,884)	0	0	\$25.63
Berks County	1,432	13,939,486	517,720	517,720	3.7%	104,699	2,000	0	\$9.64
Bloomsburg/Berwick	684	5,102,063	33,877	33,877	0.7%	5,103	0	0	\$8.13
Chambersburg/Waynes Co.	363	2,945,738	36,827	36,827	1.3%	23,664	0	9,100	\$12.63
Conshohocken	180	965,103	19,220	19,220	2.0%	4,274	0	0	\$19.84
Delaware County	1,958	10,710,723	376,721	385,071	3.6%	2,656	6,700	51,650	\$13.96
Exton/Whitelands	642	5,266,329	147,285	148,485	2.8%	88,242	11,000	3,500	\$18.40
Ft Wash/Spring House	313	2,376,228	39,887	39,887	1.7%	(2,475)	4,900	0	\$22.70
Gloucester County	1,436	9,947,658	285,506	304,672	3.1%	(36,775)	0	69,307	\$14.05
Harrisburg Area East	1,042	8,886,299	228,006	231,611	2.6%	(20,808)	0	36,790	\$11.70
Harrisburg Area West	872	6,788,051	173,187	173,187	2.6%	16,873	0	0	\$15.54
Horsham/Willow Grove	741	5,223,991	155,415	155,415	3.0%	57,446	14,738	7,250	\$15.73
I-81 Corridor	3,285	24,550,377	749,984	749,984	3.1%	(227,335)	0	0	\$9.09
Independence Hall	506	3,561,858	110,653	119,653	3.4%	(9,807)	0	0	\$24.72
Kent County	682	5,131,592	302,968	302,968	5.9%	(64,931)	0	65,000	\$13.41
King of Prussia/Wayn.	223	1,742,469	15,248	15,248	0.9%	3,856	0	0	\$0.00
Lancaster County	1,598	14,409,269	357,225	359,925	2.5%	289,692	211,200	234,309	\$19.31
Lebanon	377	3,282,819	153,257	153,257	4.7%	26,505	9,002	0	\$11.31
Lehigh Valley	3,004	23,743,004	625,258	639,082	2.7%	(64,013)	8,320	14,050	\$14.07
Lower Bucks County	1,356	10,447,665	485,111	485,552	4.6%	7,453	116,722	242,900	\$21.54
Main Line	429	2,330,678	47,160	47,160	2.0%	(9,774)	0	0	\$25.94
Market Street East	471	3,218,184	29,299	33,259	1.0%	24,989	0	0	\$26.75
Market Street West	572	4,184,318	60,287	60,287	1.4%	7,601	0	10,400	\$44.31
Monroe County	721	5,164,073	236,085	236,085	4.6%	29,899	0	0	\$11.96
Navy Yard	1	5,000	0	0	0.0%	0	0	0	\$0.00
Norristown/Valley Fo.	651	3,852,279	93,392	102,619	2.7%	17,644	0	9,540	\$13.21
North Burlington Cou.	793	5,040,156	258,892	259,310	5.1%	(38,795)	0	435,600	\$13.52
North Camden County	2,264	10,230,863	291,022	293,059	2.9%	50,742	20,000	12,160	\$14.73
North New Castle Cou.	209	1,485,327	93,019	93,019	6.3%	11,803	7,170	23,095	\$19.62
Northeast Philadelph.	3,407	17,176,261	529,587	536,316	3.1%	245,476	94,594	38,018	\$16.56
Northwest Philadelph.	1,772	8,481,332	212,707	212,707	2.5%	82,500	7,500	8,000	\$16.45
Outer Chester County	493	3,953,786	157,375	157,375	4.0%	(21,915)	5,051	38,551	\$17.56
Plymouth Mtg/Blue Be.	188	1,315,949	38,631	38,631	2.9%	(10,808)	0	0	\$18.22
Salem County	297	2,018,602	185,059	185,059	9.2%	54,678	0	0	\$8.84
Schuylkill County	600	4,185,015	37,000	37,000	0.9%	21,832	0	26,520	\$8.92
South Burlington Cou.	675	5,048,613	217,744	246,744	4.9%	(54,417)	0	59,000	\$31.36
South Camden County	894	5,627,788	205,767	205,767	3.7%	11,468	0	0	\$15.25
South New Castle Cou.	740	5,804,230	131,475	131,475	2.3%	(11,314)	29,880	34,000	\$18.59
South Philadelphia	2,585	10,111,230	92,550	92,550	0.9%	40,887	21,721	0	\$19.15
Sussex County	733	5,708,811	155,030	155,030	2.7%	27,043	0	9,000	\$13.97
University City	145	1,836,569	14,275	14,275	0.8%	4,655	0	0	\$26.39
Upper Bucks County	570	4,217,887	130,078	130,078	3.1%	(3,611)	0	0	\$17.25
Upper Main Line	269	1,786,721	58,046	58,046	3.2%	(3,994)	0	0	\$26.27
Vineland/Bridgeton	665	4,748,563	187,421	204,565	4.3%	50,438	0	0	\$20.06
West Chester	294	2,351,025	47,808	49,913	2.1%	3,636	0	0	\$23.22
West Montgomery Cou.	1,012	7,730,950	269,494	269,574	3.5%	(22,977)	0	5,340	\$14.84
West New Castle Cou.	196	1,505,149	40,753	40,753	2.7%	25,473	0	0	\$15.54
West Philadelphia	895	4,159,850	162,485	162,485	3.9%	5,677	650	0	\$16.42
Wilmington CBD	508	3,495,431	107,405	107,405	3.1%	(16,857)	0	0	\$23.75
York County	1,332	11,801,238	456,997	460,054	3.9%	(87,718)	0	98,704	\$13.00
Totals	46,938	319,946,012	9,801,777	9,933,820	3.1%	736,036	580,398	1,543,370	\$15.67

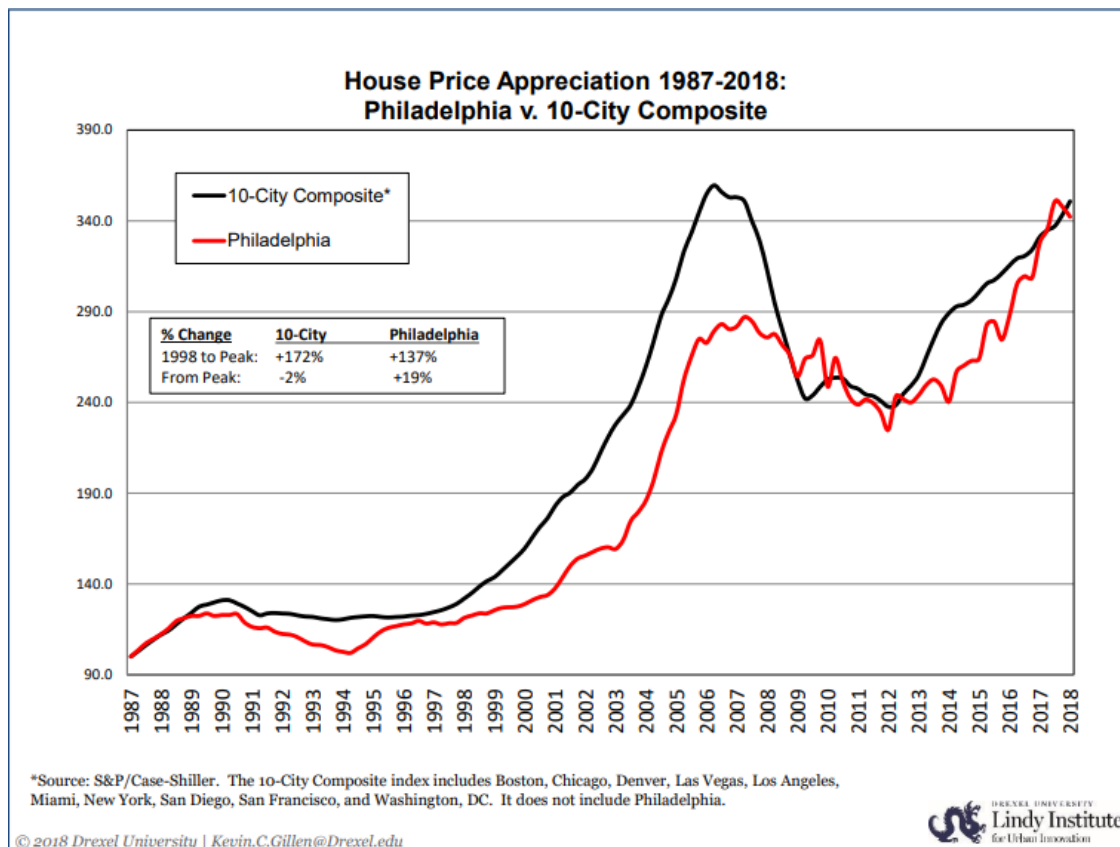
Source: CoStar Property®

Overall for the subject property marketplace:

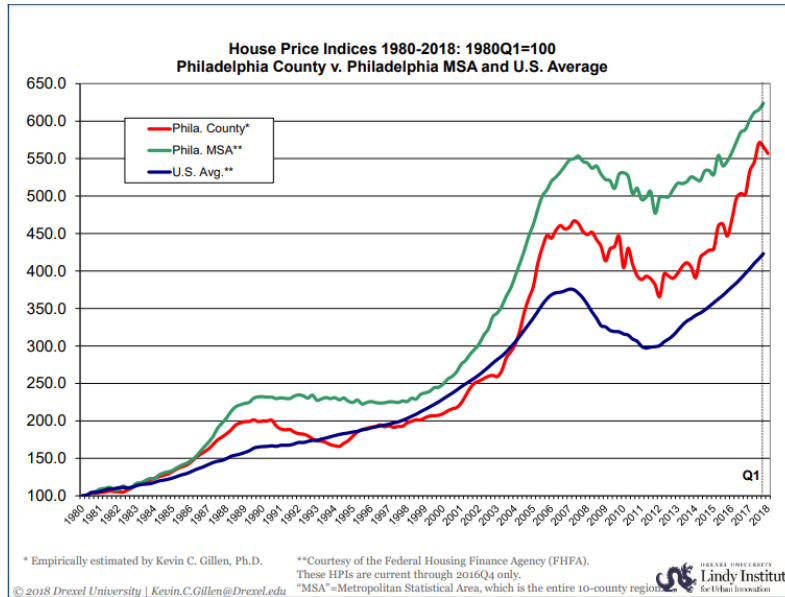
- According to **Costar 1st Quarter 2018 Retail Report** for West Philadelphia, general retail vacancy was 3.9% and quoted rates were \$16.42 per square foot while all University City had a 0.8% vacancy and quoted rates of \$26.39 per square foot.

PHILADELPHIA RESIDENTIAL MARKET

The Philadelphia Housing Market is summarized below based on Philadelphia Housing Indices developed by Kevin C. Gillen, PhD of *The Lindy Institute for Urban Innovation at Drexel University* as of first quarter 2018. According to the data, the Philadelphia housing price indicates appreciation of 19% from its peak in 2005.



The Philadelphia Housing Market is summarized below on Philadelphia housing Indices from Kevin C. Gillen, PhD showing that the housing price indices for Philadelphia MSA is higher than Philadelphia County and the U. S. average.



Philadelphia Area Submarket and U.S. is compared below as of 2017 Q4. For the past year Philadelphia County appreciated **4.3%** trailing the Philadelphia MSA and the USA.

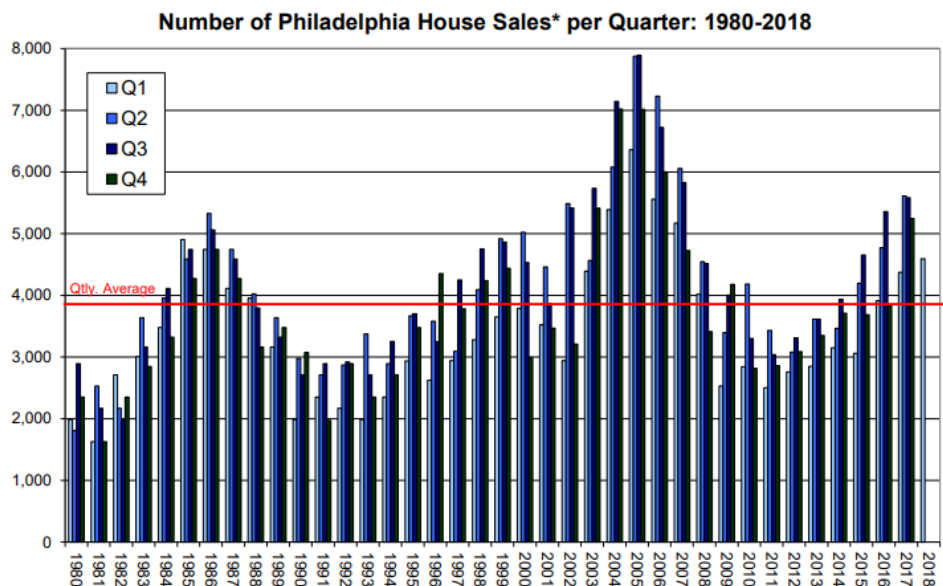
Total House Price Appreciation Rates by Geographic Market

Period	Philadelphia County*	Philadelphia MSA**	U.S.A. **
38-Year	171.7%	183.1%	144.3%
10-Year	21.6%	13.3%	15.1%
1-Year	4.3%	5.8%	6.5%
1-Quarter	-1.6%	1.4%	1.6%

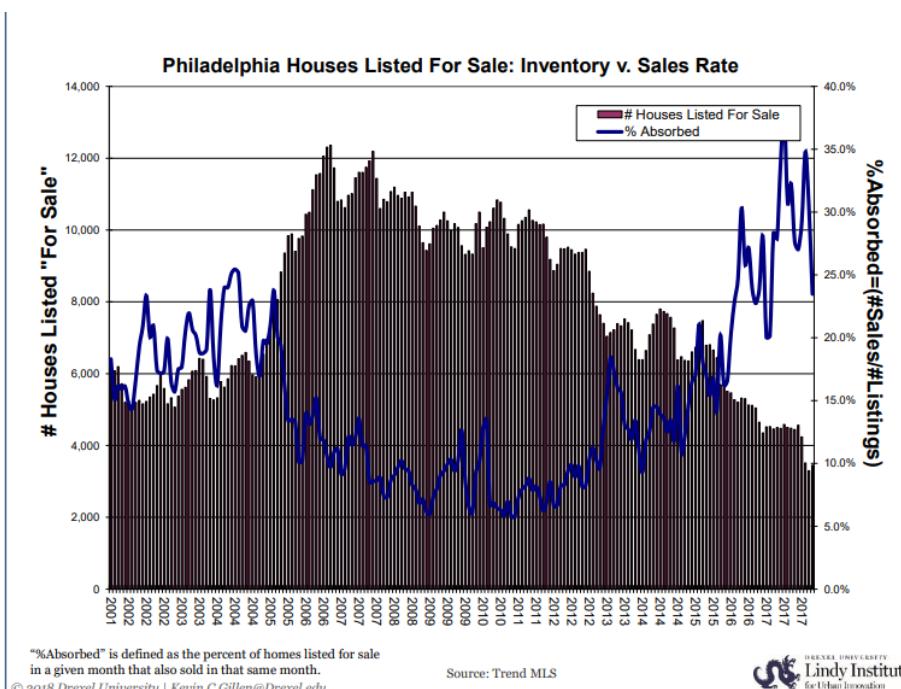
*Empirically estimated by Kevin C. Gillen Ph.D.

**Source: U.S. Federal Housing Finance Agency (FHFA). These numbers are through 2017Q4 only. "MSA"="Metropolitan Statistical Area", which is the entire 10-county region.

Based on data provided by *Lindy Institute*, Philadelphia 2018 Q1, quarterly house sales in 2018 were above the average of about 4,000 but still significantly less than the average of almost 8,000 transactions for 2005 Q2



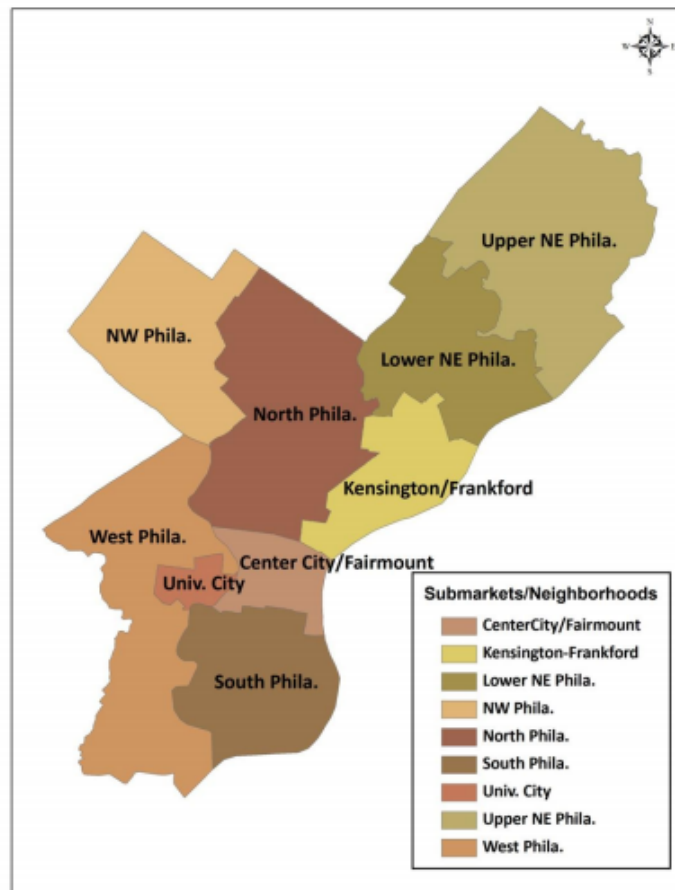
Supply and demand crossed in 2006 and 2015 when the percent of houses sold (blue line graph) was equal to the number of houses listed for sale (black bar graph). Inventory was greater than demand until 2013. Due to the low inventory, it is a seller's market. As of 2017 Q 3, inventory is about 4 months, with around 5-6 months considered normal.



Philadelphia neighborhoods are exhibited below.

- The subject is located in the West Philadelphia section of Philadelphia as defined below.

Philadelphia Submarket Boundaries



Philadelphia House Price Appreciation Rates by Submarket are summarized below from 2018 Q1, West Philadelphia had an annual rate of appreciation of 5.4% with Center City at 8.8%.

Philadelphia House Price Appreciation Rates by Submarket

Period	Center City/ Fairmount	Kensington /Frankford	Lower NE Phila.	North Phila.	NW Phila.	South Phila.	Univ. City	Upper NE Phila.	West Phila.
38-year	190.7%	173.8%	157.9%	174.8%	184.8%	218.5%	200.3%	184.0%	186.9%
10-year	25.7%	20.2%	16.2%	10.3%	3.8%	41.6%	24.7%	14.5%	22.1%
1-Year	8.8%	7.0%	15.9%	3.4%	1.9%	3.4%	6.0%	5.2%	5.4%
1-Quarter	2.7%	-2.8%	4.9%	-2.7%	-0.9%	0.1%	-10.0%	0.0%	-2.9%

This table gives the total % change in average house values by submarket, through 2018 Q1, from different starting points in time.

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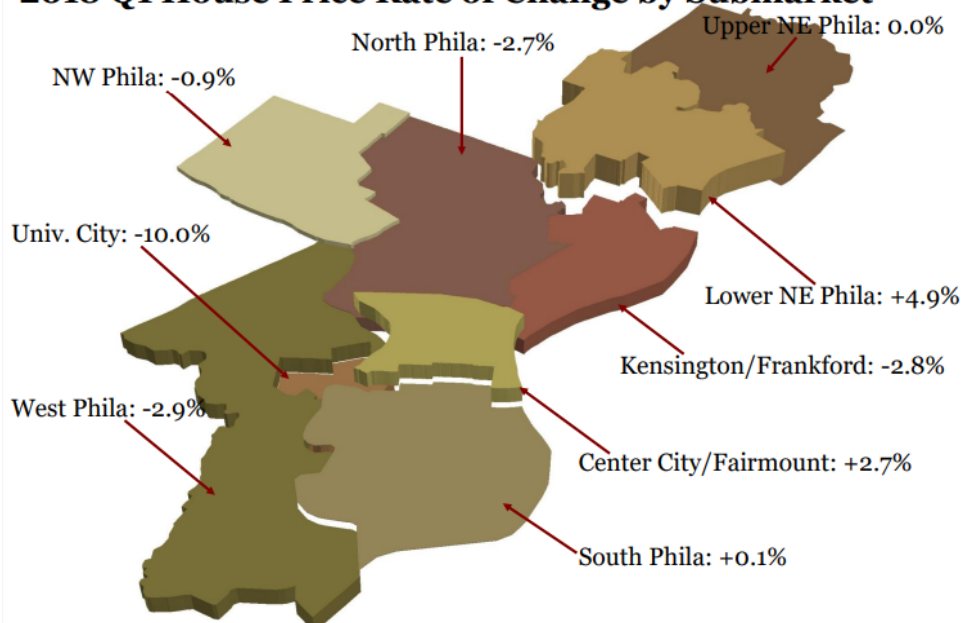


2018 Quarter 1

+ Increase >>> Lower NE Phila, Kensington/Frankford, Center City/Fairmount and South Philadelphia.

-Decrease >>> North Phila, NW Phila, University City and West Phila.

2018 Q1 House Price Rate of Change by Submarket



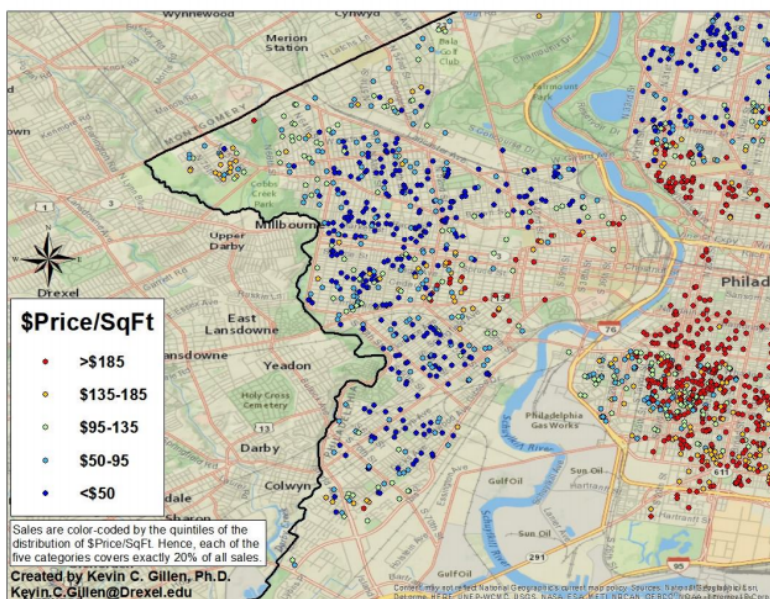
Note: Each submarket is extruded by its average change in house values during 2018 Q1 in order to reflect its growth (or depreciation) rate relative to other neighborhoods.

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West Philadelphia sales are exhibited below. Sales in University City show high unit prices (over \$185/sq. ft., red dots), while sales in West Philadelphia are under \$50 per sq. ft. (blue dots).

West Philadelphia House Sales in 2018 Q1

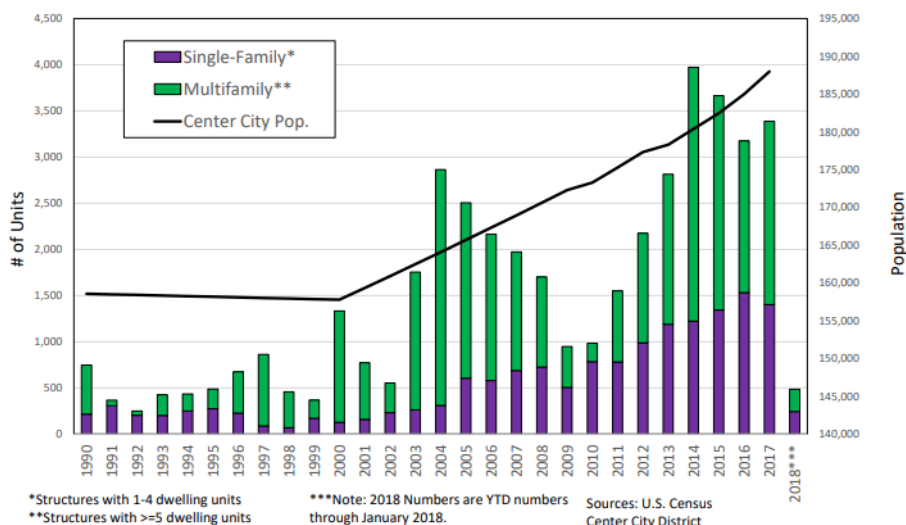


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Building permits for multi-family units increased dramatically in 2014, far exceeding single-family units. In the three years since then, multi-family permits have decline and single family permits have increased.

Building Permits Issued for Construction of Residential Units in Philadelphia: Single-Family v. Multifamily



*Structures with 1-4 dwelling units
**Structures with >=5 dwelling units

***Note: 2018 Numbers are YTD numbers through January 2018.

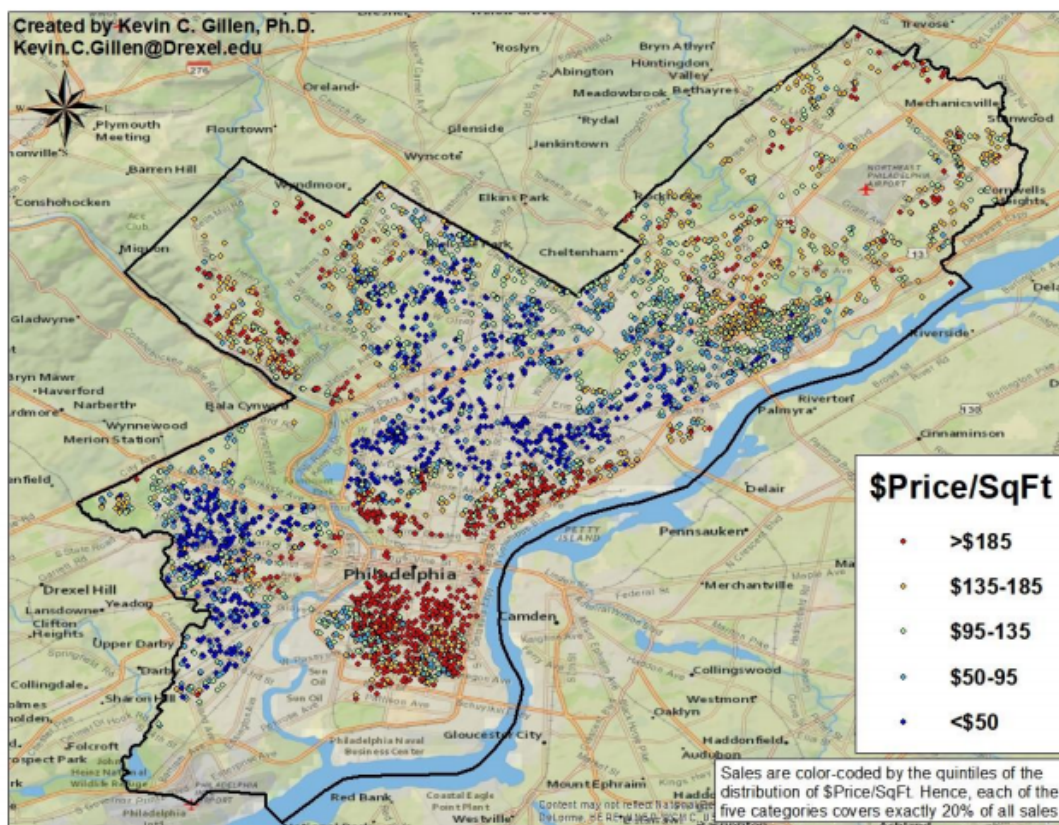
Sources: U.S. Census
Center City District

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The majority of higher sales prices are in Center City and South Philadelphia. This is shown by the red dots, with a price per square foot greater than \$185. West Philadelphia unit prices are under \$50 (blue).

Philadelphia House Sales in 2018 Q1



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Overall, West Philadelphia home prices show a big split between homes in University City selling for an average of \$185 per square foot and homes outside of University City selling for an average of \$50 per square foot. In 2018, housing in West Philadelphia declined 2.9% during the first quarter and 1.5% during the second quarter.

Residential Market – What is the Future?

According to an analysis of the single-family housing market in the second quarter of 2018 — meaning April, May, and June — Philadelphia economist Kevin Gillen found that home values citywide significantly slowed for the first time in more than four years. Compared with the year before, home values in the 2018 spring season — typically the hottest market of the year — appreciated 0.9 percent, Gillen found, analyzing data provided by Houwzer and the city's Recorder of Deeds.

City-wide, there is an extremely low supply, or inventory, and very strong demand, sales, which would normally place significant upward pressure on houses. While this was the case until a year ago, the recent cooling of prices in the overall Philadelphia market can be explained by other factors: increasing mortgage rates; buyer fatigue, that is buyers exhausted from their search for an ideal home are settling for a second- or third- best home, but are demanding and obtaining a relatively lower price in exchange for settling; and, Millennials are finally transitioning to homeownership, but are settling on lower-priced homes, pulling down the average and median price per home.

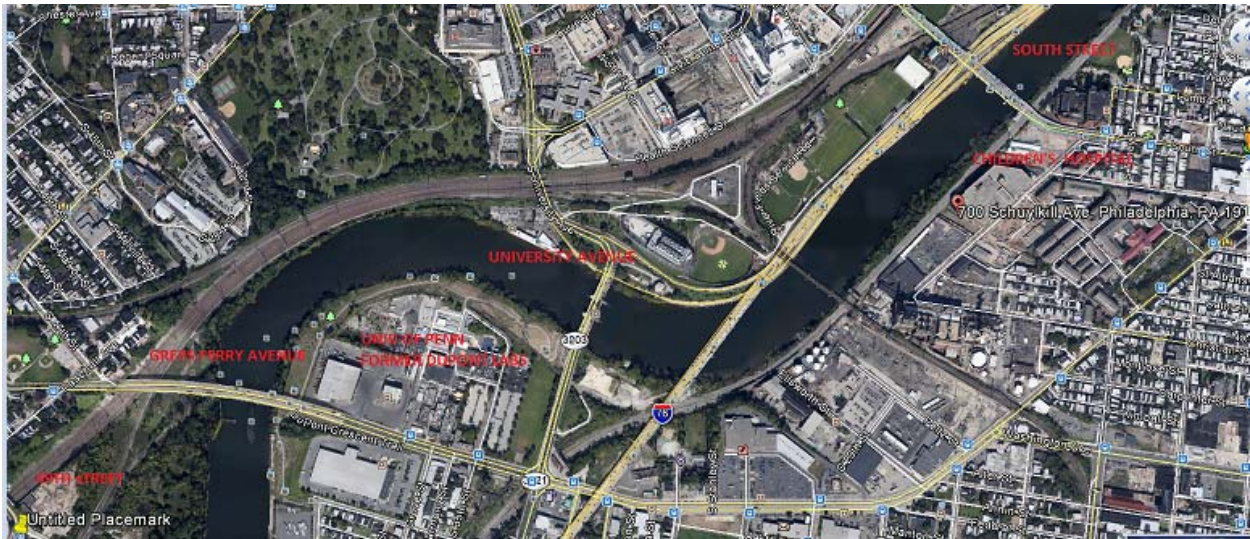
The second quarter 2018 update notes that

- Average Days-on-Market was declined to a new post-recession low at 38 days. The last time it was below 40 days was in 2005, when it then began rising steadily before peaking at 95 days in 2011. Either very low or high values indicate the market is near its peak (or trough).*
- The average P/R ratio has begun to decline from its high of 13.2 one year ago. The market previously peaked at 13.5 in 2005 and bottomed out at 9.5 in 2012.*
- Philadelphia Stock Exchange's Housing Sector Index is currently declining from an all-time high of \$365/share in January 2018, to \$302, a 17% decline in six months. In 2005, the high was \$288 and in 2009, the low was \$55/share.*
- The City's housing cycle is in its 7th year of expansion. The average duration during previous expansions was 8-10 years, indicating the cycle is currently in its mature phase.*

LOCAL AREA

West Philadelphia is generally considered to be on the west side of the Schuylkill River and runs from City Avenue on the northwest to Cobbs Creek on the southwest. Because the area is elevated rising from the Schuylkill River towards Belmont Plateau, the Center City skyline is visible. The area is known for the elevated line that links West Philadelphia with Center City on the east and Upper Darby in Delaware County to the west. Located in West Philadelphia, is University City including the University of Pennsylvania, Drexel University, St. Joseph's University and the University of the Sciences. Closer to Center City, the area is dominated by two-story row homes. Closer to City Avenue, there are more twins and single family homes along with row homes. The area benefits from its convenient location in proximity to Center City employment, museums, restaurants, and mid-rise apartment and condominium dwellings.

The Schuylkill Recreation Path is located between the Philadelphia Art Museum and South Street. While West Philadelphia vehicular and foot traffic is linked to Center City via the major east- west bridges - JFK Boulevard, Market Street, Chestnut Street, Walnut Street and South Street, The Schuylkill Recreation Path links both pedestrian and bicycle traffic. This is particularly true for the occupants of West Philadelphia who are younger and have bicycles rather than cars, particularly with the proximity to 30th Street Station.



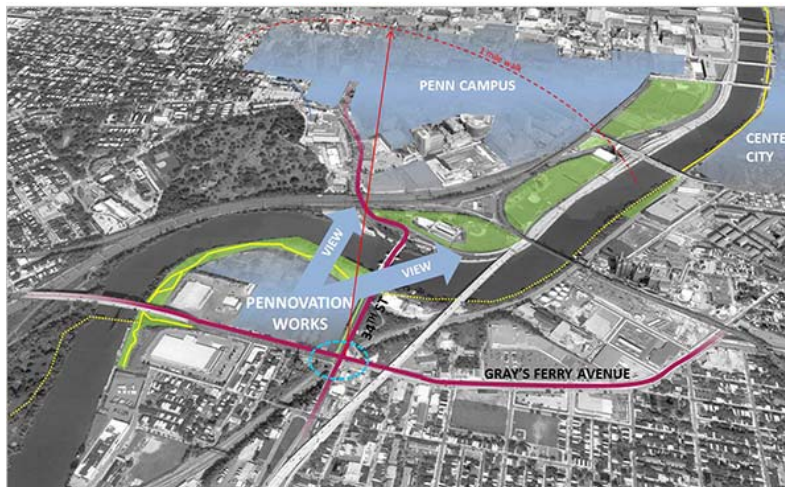
The area is proximate to the University City area of West Philadelphia, which includes the University of Pennsylvania, Drexel University and the University Science Center. Several developments have occurred in this area in the early 2000 to 2005 that have laid the groundwork for linking this area with Center City. This includes the acquisition of the U.S. Postal Distribution Center by the University of Pennsylvania and the development of the first Cira Centre building, as well as recent expansion by both the University of Pennsylvania and Drexel University.

After the former Convention Center located on 34th Street was demolished in 2005, The University of Pennsylvania Health System's Perelman Center for Advanced Medicine opened on the site in 2008 and The Children's Hospital of Philadelphia (CHOP) opened the Colket Translation Research Building in 2009. Penn has two new buildings planned:

- **Penn Medicine's Center for Healthcare Technology** on Civic Center Boulevard is an 8-story office building for Penn Medicine and a new childcare center. A second phase will increase the building to 18 stories with a total of 540,000 square feet. Completion of Phase 1 scheduled for early 2019 (Map 9).

- **The Pavilion at Penn Medicine on Civic Center Boulevard** is a 1.5 million square foot, 17-story building costing \$1.5 billion (\$1,000 /square foot). The building will be the University of Pennsylvania's largest with 47 operating rooms and 500 private patient rooms. Completion date is in 2021 (Map 10).

The most recent development in the area is the expansion by **The Children's Hospital of Philadelphia - Robert's Center for Pediatric Research** on the west side of the Schuylkill River with a 21-story tower completed in 2017 with 488,671 square feet, a 256 space garage and a surface lot for 256 vehicles as well as a rain garden called Schuylkill Green. In 2010 Children's Hospital of Philadelphia (CHOP) brought the 700,000 square foot John F Kennedy Center on Schuylkill Avenue and razed the shell. CHOP constructed the first tower of the master plan that would create a four – building research campus. It is highly visible from the Schuylkill Expressway at South Street. During the past decade, CHOP has invested or committed to spend about \$2 billion on projects in West Philadelphia to provide more space for treatment care and research. (Map #10)



Another development on the west side of the Schuylkill River is the University of Pennsylvania's **Pennovations** on the former site of the 30+ acre Dupont site. The development opened in 2016 and is a group of facilities for innovation, technological development and artistic production/exhibition. Penn's Master Plan envisions a multifaceted workshop for harnessing and commercializing the region's creative potential. The site has a view of Penn's campus and Center City.

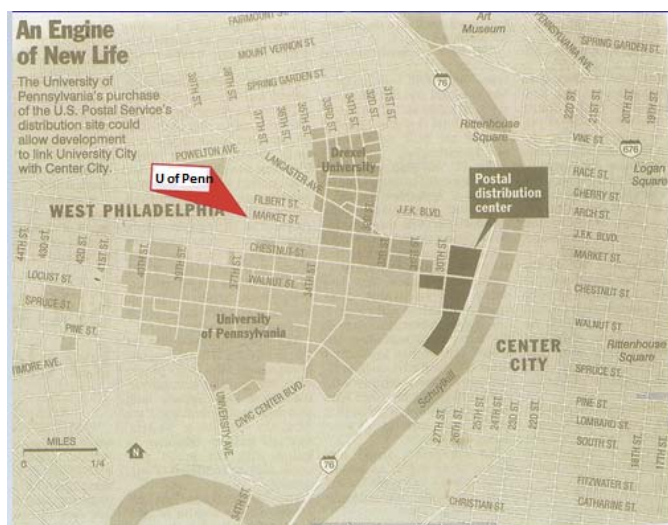
The **Cira Centre** is the first of three buildings developed by Brandywine Trust in the eastern edge of University City adjacent to the west side of the Schuylkill River. Designed on the principle that "uniqueness drives value", Cesar Pelli designed the first 437-foot Cira building that opened in 2005 and designed the third building at 30th and Walnut in 2014 for mixed-use office, retail and residential tower.

The second building Cira Centre opened in 2014, **Cira South**, is an 850 bed, \$158.5 million building designed for Penn and Drexel graduate student. It features retail space and roof top pond with parking garage for IRS workers in the former 30th Street Post Office developed by Brandywine along with Campus Crest student housing developers and Harrison RE Capital, the building is on ground lease from the University of Pennsylvania. Cira South came about after the recession of 2008 in which office and retail plummeted in value, but student housing thrived. It is unique in that students are 15 minutes away from area universities, or 1 hour to New York universities from the 30th Street Station.

The third Cira building which opened in 2016, the **FMC** building, was designed to be a "vertical city". It is located south of the 30th Street Station between Chestnut and Walnut Streets. The 49-story, 690-foot tall tower includes 622,000 square feet of office space, 268 luxury apartments and executive suites, and 10,000 square feet of retail space. Building amenities include an aquatic center with pool and deck, fitness center and spa, and a state-of-the-art business conference center. Developer Brandywine Realty Trust and Penn have executed a long-term ground lease for the lot, as well as a 20-year lease through which Penn will occupy approximately 100,000 square feet of office space at the tower.



Such development follow the University of Pennsylvania's 2006 master plan "Penn Connects" which called for tall buildings at the entrance to West Philadelphia to connect student life with street life and to eventually have the campus connect to Center City east of the Schuylkill River.



Source: Philadelphia Inquirer, August 7, 2003, "SUBJECT" is University of Pennsylvania

Today, two new projects are planned: Schuylkill Yards at 31st and JFK Parkway and uCity Square at 36th and Filbert.

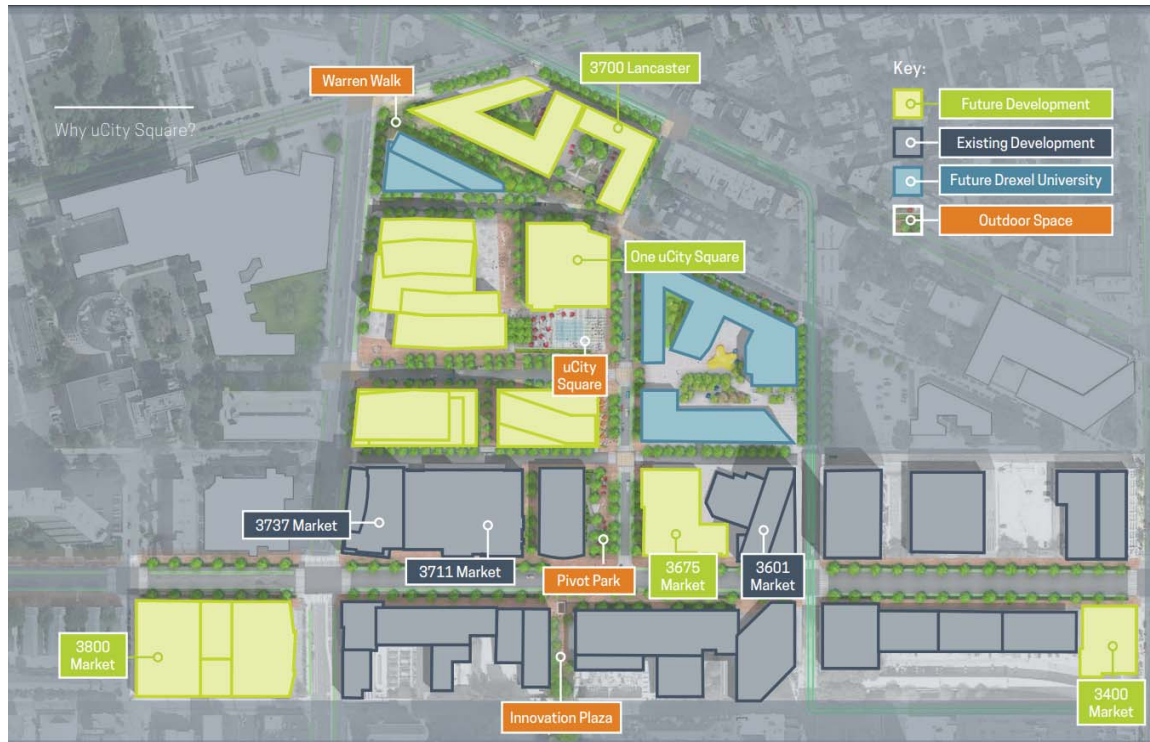
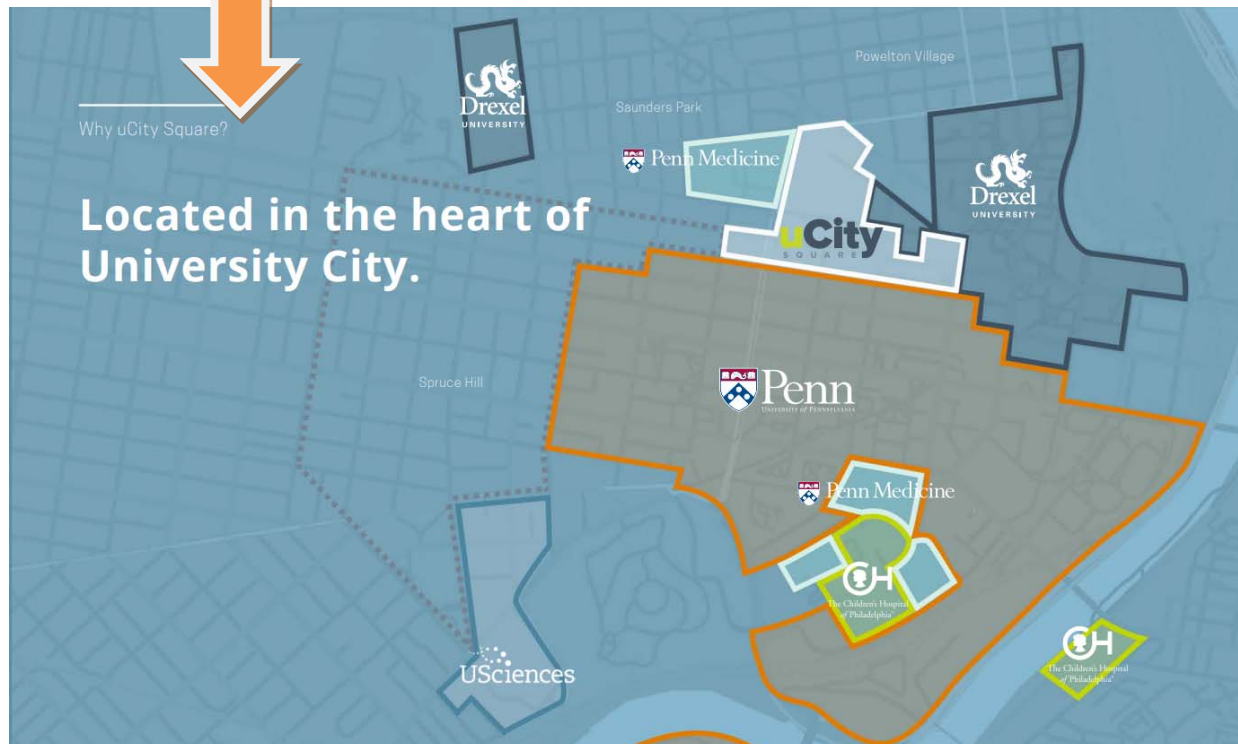


Schuylkill Yards is a 14-acre development by Drexel and Brandywine Realty Trust. Situated west and north of 30th St. station, it is a planned \$3.5 billion development consisting of residences, laboratories, commercial, and retail space totaling 5 to 6 million sq. ft. Completion is forecast for 2036. The developer is committed to giving \$3.1 million for affordable housing in the Powelton and Mantua neighborhoods. Situated adjacent to Amtrak's 30th Street Station, the third-busiest passenger rail station

in the country, Schuylkill Yards will link to Philadelphia International Airport, and the Northeast corridor. The first phase will further link Drexel University's main campus, 30th Street Station and Brandywine's Cira Centre and Cira Centre South to solidify the gateway to University City. The 30th Street Station Distict Plan developed by Brandywine, Drexel University, SEPTA and PennDot calls for a comprehensive development in the year 2050 with a \$2 billion investment in infrastructure that will unlock \$4.5 billion in private investment beyond the Schuylkill Yard's \$3.5 billion. When complete, another 40,000 jobs can be anticipated (See Map).

uCity's Square - The former University City High School complex at 3601 Filbert St. is a 14-acre construction site. It will be part of **uCity's Square**, a new development spanning 11 city blocks and containing 6.5 million square feet of mixed use space. It is a joint venture between Drexel University and Wexford Technology, and will not be complete for several years. A K-8 school will be part of the campus. A 300-unit apartment building will be erected at 3700 Lancaster Ave. The property sold in 2014 for \$25 million, or \$41/sq. ft. of land. The school buildings were demolished in 2015. The future plaza portion of the site will be planted with a temporary meadow in order to improve the appearance of the site during development. The meadow, with trees in planters, will be open to the public by the summer of 2018. The campus will eventually employ 4,700 people, creating demand for housing in the area (Map #15).

uCity's Square – Development Project²⁷



²⁷ <https://ucitysquare.com/>

uCity's Square



It's the epicenter of research and healthcare innovation

\$900M+	97%	75K	>50K	170+	85K
private, non-institutional development projects between 2015-2016	office occupancy	jobs	undergraduate and graduate students	patents issued in 2014	hospital patient admissions

West Philadelphia and the University City Area

University City is a 2.4 square mile neighborhood. It employs nearly 80,000 persons and is responsible for \$4 billion in construction since 2015 and \$1 billion in research and development annually.²⁸

The subject is located in the West District of West Philadelphia. It borders on the University Southwest District. Because of the subject's proximity to the main economic drivers located in the University Southwest district, this area is reviewed below.

University City has become the leader in jobs, employment, office and student growth for both Philadelphia and the region. The major economic drivers in this area are the following:

- Drexel University in 2016 with 24,323 students including 15,499 undergraduates and 8,733 graduate students²⁹ and 11,172 local employees
- University of Penn and Health System in 2016 with 24,960 students including 11,716 undergraduates and 13,244 graduate students and 39,033 local employees.
- CHOP – 12,817 employees in Pennsylvania and New Jersey.³⁰
- The Science Center – 8,500 people (includes University of Pennsylvania and Drexel University employees).³¹

The Science Center is locating to uCity Square to 3675 Market Street in late 2018. The Science Center is at the heart of a diverse community of approximately 60 established life science and tech companies, medical offices, research organizations and restaurants that call uCity Square home. Together they employ more than 8,500 people.³²

Five blocks of new streets will connect uCity Square and the Science Center to the neighborhoods of Mantua, Powelton Village and West Powelton/Saunders Park. The new center will increase visibility for turnkey lab and office space for startups and growing companies accelerating innovation.

Despite this growth, blocks away more than 31% of households live below the poverty level with 45% earning less than \$25,000 per year.³³

- The University City District created the West Philadelphia Skills Initiative (WPSI). It was created to leverage its partnership with University City businesses, institutions and residential communities to connect employers seeking talent to unemployed West Philadelphia residents looking for work. The program is open to unemployed West Philadelphians with at least a high school diploma or GED who live in zip codes 19104, 19139, 19131, 19143 or 19151.³⁴
- The Science Center's FirstHand Lab will introduce more students to STEM careers. In February of 2018, The Lenfest Foundation awarded a \$5 million grant to the Science Center, University City District (UCD) and Drexel University. The collaboration, anchored by the University City Districts' job training program, the West Philadelphia Skills Initiative, will harness University City's economic growth by connecting nearly 600 unemployed residents to family-sustaining careers over three years, generating \$16 million in local wages. FirstHand's Project Inquiry program will also expand, doubling the number of students served.³⁵

²⁸ Ibid.

²⁹ 2018 Book of Lists, The Philadelphia Business Journal.

³⁰ <https://www.chop.edu/about-us/annual-report-of-our-financials/hospital-statistics>.

³¹ <https://www.sciencecenter.org/our-community/ucity-square-community>

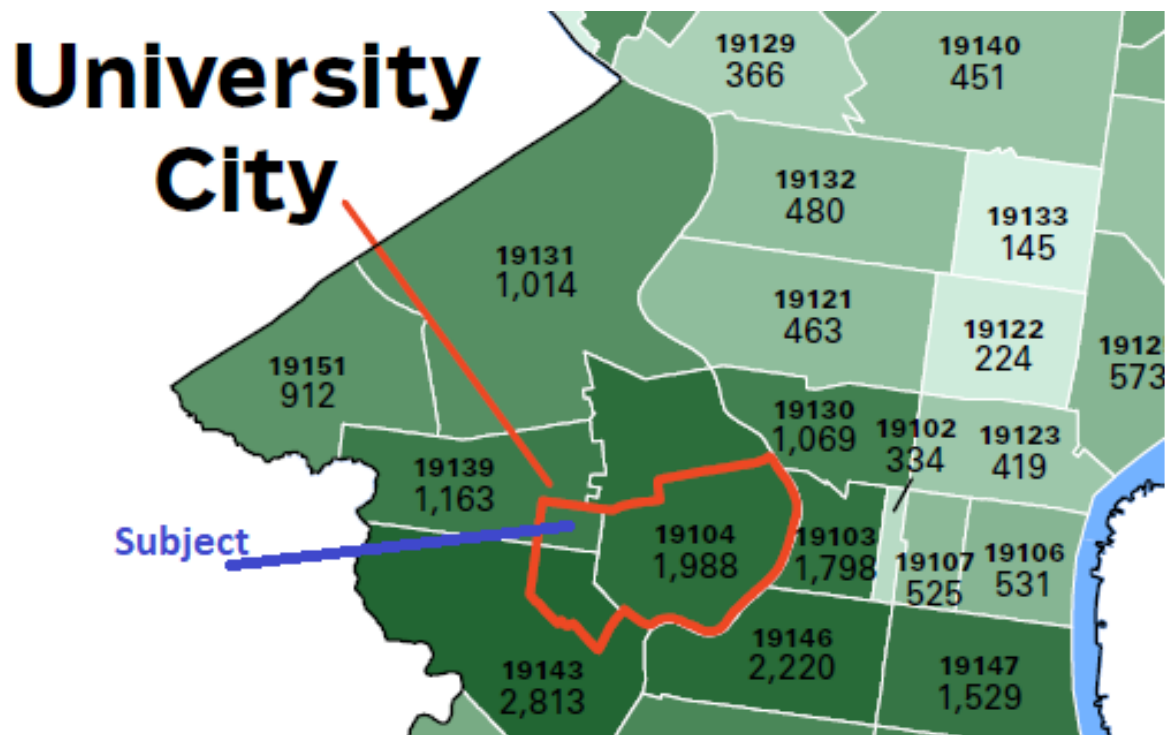
³² Ibid.

³³ <https://penntoday.upenn.edu/spotlights/skills-initiative-gives-unemployed-west-philadelphians-job-training>

³⁴ Ibid.

³⁵ <https://www.ucscreview.org/>

According to the "State of University City 2018," residents commuting to University City jobs include by zip code: 1,163 persons in 19139, 1,988 persons in 19104, 2,813 persons in 19143 and 2,220 persons in 19146. Current employment is listed below.



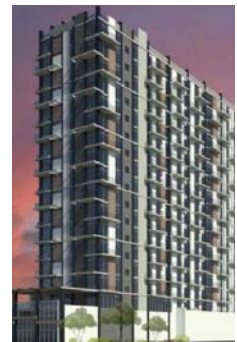
Philadelphia2035 identifies the neighborhoods in West Philadelphia, or the West side of the Schuylkill River as University Southwest District and West District.

New Area Developments

Three high end projects that were delivered to the submarket between 2014 and 2015 have sold for over \$100 million within the past three years. This includes **3737 Chestnut**, **Evo at Cira Center South** and **Arrive University City**.

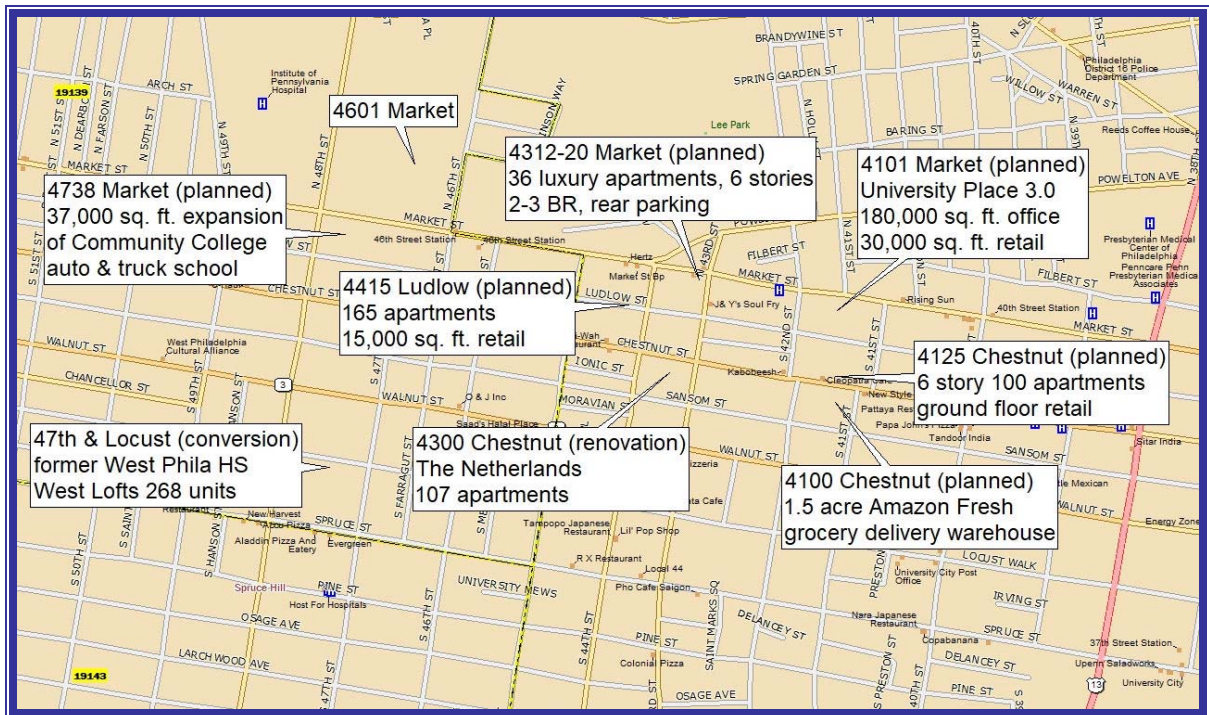
Many new projects are underway demonstrating the “Westward March” of University City. Most of the developments are residential or mixed-use with retail on the first floor and residential above.

- **3700 Lancaster** is a six-story residential building at the corner of Powelton and Lancaster Avenues expected to break ground in late 2018. The building is the second residential project at uCity Square and will have 300 apartments and 16,000 square feet of commercial space. It is scheduled for completion in the 2020 (See Map #15).
- **40 S 40th Street**, is a 5-story, 70,000 square foot apartment building with 119 units developed for graduate and professional students by a partnership of the University of Pennsylvania and Equinox Management and Construction. It is scheduled to open in 2018.
- **4215 Chestnut Street** is a 28-unit condominium with enclosed parking and roof deck developed by How Properties in 2017.
- **3201 Race Street, Vue32** is a 16-story, 176,000 square foot, mixed-use tower with 164 luxury apartments that was completed in 2017 by a partnership of Drexel University and Radnor Property Group (See Map #27).
- **3675 Market Street** is a 14-story, 345,000 square foot LED Silver/Gold building developed by the joint venture between the University Science Center, Ventas and Wexford Science + Technology scheduled to open in 2018. It is home to the Science Center's corporate offices and is anchored by Cambridge Innovation Center, which houses start-ups.
- **4101-19 Market St., University Place Associates** plans University Place 3.0, an 180,000 sq. ft. office tower with 30,000 sq. ft. of retail scheduled to open in the fall of 2019. The developer opened University Place 2.0 at 41st and Filbert Sts. in 2013, and plans more projects in the area. He sold that 95,000 sq. ft. building in 2016 for \$438 per sq. ft.
- **4100 Chestnut St.** is a 1.5-acre industrial property that is reported to be the site of a new AmazonFresh warehouse for their grocery delivery service. The vacant property used to be a graphic arts and lithography business.
- **3720 Chestnut** is the largest mixed-use project ready to break ground and is being developed by the Exeter Property Group. The Newman Center will be relocated to 38th Street and 420 apartment units with retail will be constructed.
- At **4125 Chestnut St.**, a car wash sold in July 2017 for \$5.4 million to a developer who initially planned a 17 story, 240-unit apartment tower with ground floor and 2nd floor retail and 82 underground parking spaces. After a meeting with the Spruce Hill Community Association, he revised the plan to be a 6-story building with 100 units, mostly junior 1-bedrooms, and commercial space on the ground floor. However, the final number appears to be 130 units.
- At **44th and Ludlow Streets**, the **Orens Brothers** plan two mixed-use buildings containing 165 apartments and 15,000 sq. ft. of retail space, plus 57 parking spaces. Each building will be six stories, and the one north of Ludlow will be erected first. The grounds will feature trees, new sidewalks, streetlights, and bicycle racks. The project has been in development for three years. Despite the proximity to the University of Pennsylvania campus, the builder expects young professionals to be tenants, not just students.



- At **4312-20 Market St.**, a developer is planning a 36 unit “higher end” apartment building with rear parking. The six-story building will contain 2 and 3 bedroom units and a roof deck. There will be a driveway through the middle of the building to the parking area.
- At **4233 Chestnut Street**, the site of the Christ Memorial Reformed Episcopal Church, **CRP** builders plans 323 units. As a permitted property, the buyer is marketing the project for \$18 million or about \$55,700 per proposed unit.
- At **47th & Locust Sts.**, the former West Philadelphia High School at is being converted to West Lofts, a 268-unit apartment building (Map #28).

MAP OF NEW DEVELOPMENTS



According to **Costar**, the lack of competition from new projects allowed University City rents to have an average of 4.6% annual growth.³⁶ Based on the previous summary of new developments, there will be about 1,033 new units and with the conversion of West Philadelphia High School to West Lofts, about 1,291 units sometime in 2020. The glut of new units would likely soften the University City market.

A map of new development in University City is included on the following page.

³⁶ “Apartment Developers Converging on Philadelphia’s University City”, **Costar**, September 10, 2018.

UNIVERSITY CITY DISTRICT – DEVELOPMENT MAP

Academic

1. Evans Building Main Dental Clinic
2. Korman Center Improvements
3. The Perleiman Center for Political Science and Economics
4. Richards Medical Research Laboratories

Commercial

5. 3.0 University Place
6. 3675 Market
7. 4614-18 Woodland Avenue
8. Campus Commerce Center

Medical

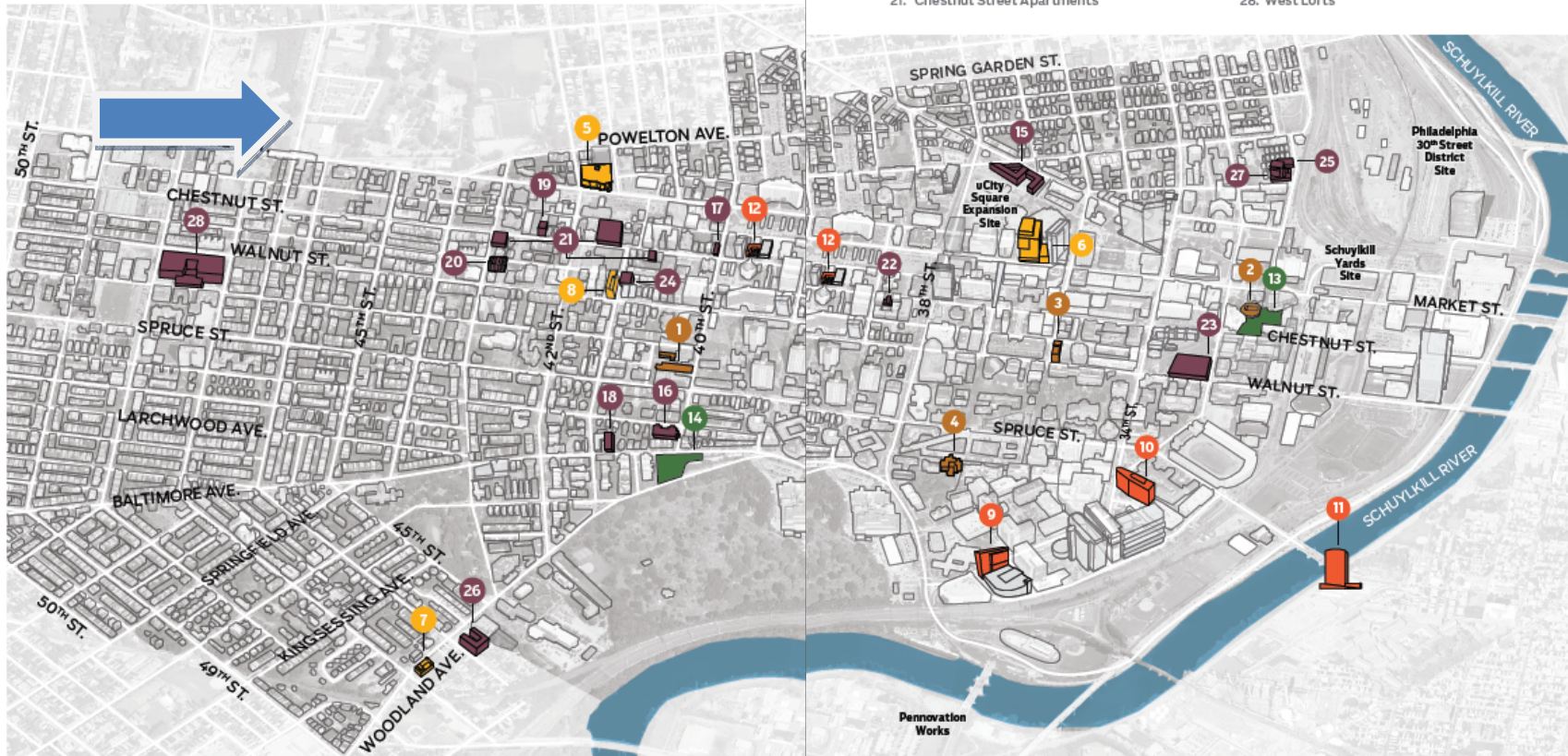
9. Center for Healthcare Technology
10. The Pavilion at Penn Medicine
11. Roberts Center for Pediatric Research
12. Philadelphia Ronald McDonald House Expansion

Residential / Mixed Use

15. 3700 Lancaster
16. 400 South 40th Street
17. 4001-4003 Chestnut Street
18. 4045 Baltimore Avenue
19. 4215 Chestnut Street
20. 43rd & Sansom
21. Chestnut Street Apartments

Public Space

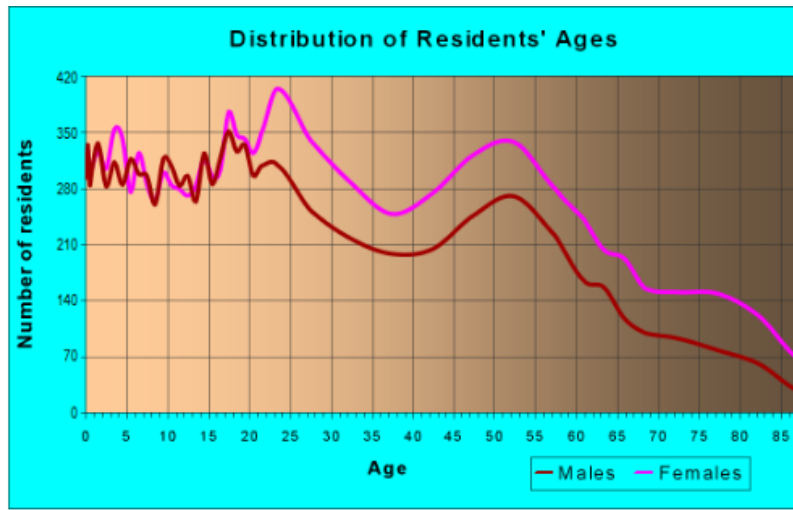
13. Korman Quadrangle
14. 40th Street Trolley Portal Gardens



DEMOGRAPHICS AND STATISTICS

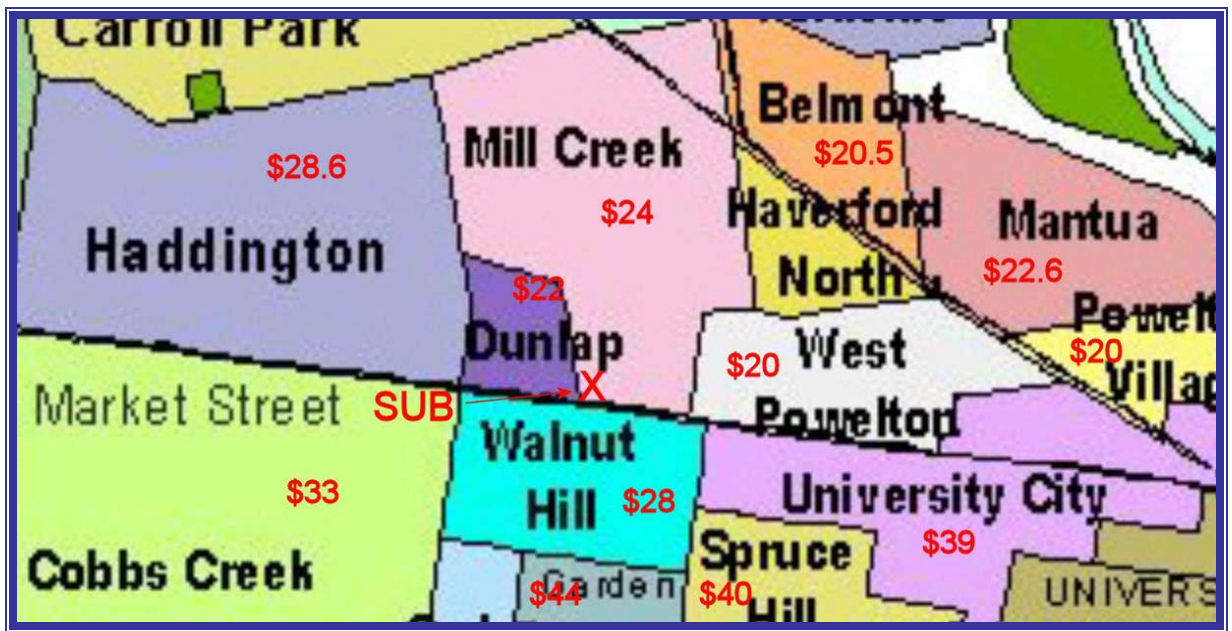
The following demographic data are from the 2010 U.S. Census, supplemented by the American Community Survey (ACS) of 2016, as illustrated by City-Data.com. The data are for zip code 19139.

- The population in the 2000 census was 43,866. It declined to 41,271 in the 2010 census. The estimate for 2016 is 44,122.
- The number of private homes and condos is 20,791. The number of tenant occupied apartments is 9,326. The overall percentage of renters as opposed to owner occupants is 57%.
- The age distribution of residents is fairly even, with a slight peak in the age group 15 to 25. Females outnumber males from age 20 and older.

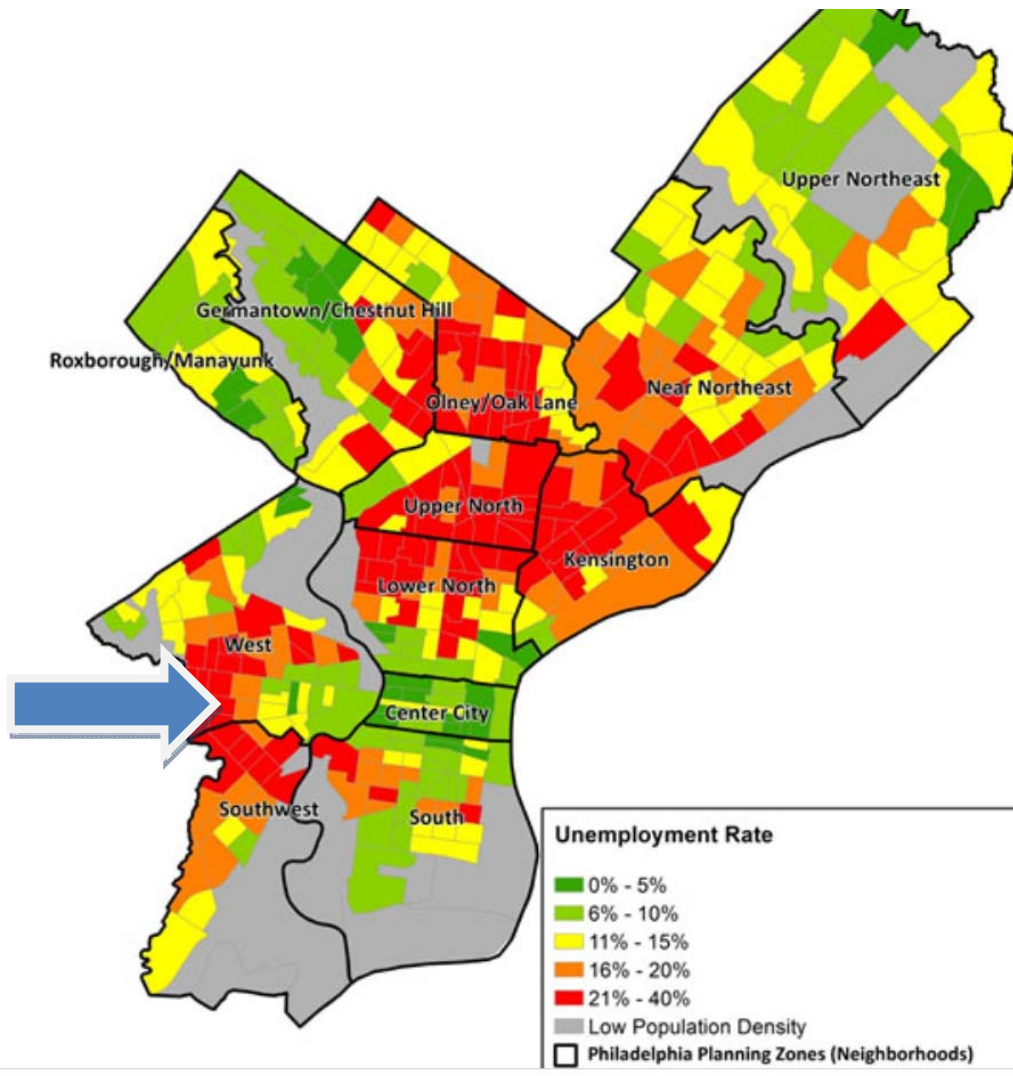


- The unemployment rate in the zip code is 13.3%, contrasted to 5.8% for Philadelphia as a whole. Nationally, the rate is 4.1%. High school graduates are the same as Philadelphia as a whole, 84%. College degrees are lower than the City as a whole, which is 28.6%.
- 83.5% have a high school degree or higher while 14.9% have a Bachelor's degree or higher.
- Median household income in 2016 was \$27,449, less than half of that in the State as a whole at \$56,907. The federal guideline for poverty is \$24,000 for a family of four.
- Current population is 43,936 compared to 41,271 in 2010, a 6.5% increase.

- Map of West Philadelphia neighborhoods and the median household income in red figures (thousands). The subject is located at the intersection of the Dunlap, Mill Creek, and Walnut Hill neighborhoods. The median household income figures are from City-Data.com for the year 2016. Income is much higher to the east and south of the subject, toward University City. Income in each of the neighborhoods north of Market St. is below \$24,000 per year, except for Haddington. The Federal poverty guideline is \$24,000 for a family of four.
- Median income in University City is \$39,000, and higher in Spruce Hill and Garden Court, two neighborhoods popular with students and university employees.



- The unemployment map on the following pages shows unemployment rates throughout the city. Areas of low unemployment are green or yellow. Areas of high unemployment are orange or red. The West area of West Philadelphia is orange or red while the University City area is green or yellow. In the subject area, the orange and red of high unemployment wraps around the green and yellow areas of low unemployment.



37

³⁷ <http://www.philaworks.org/workforce-information-works/philadelphia-data/philadelphias-labor-force/#HowDoVarybyNeighborhood>

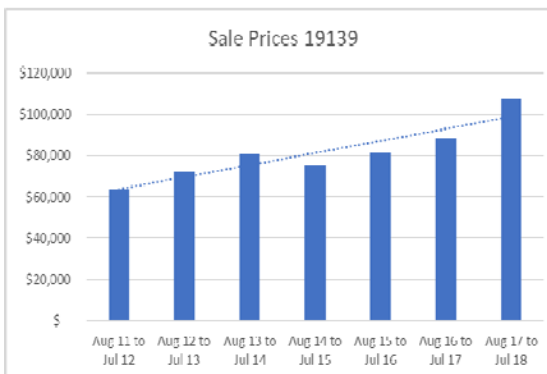
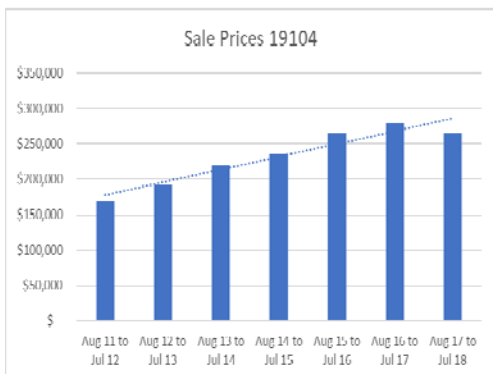
The subject property is located just west of the boundary between zip code 19139 (West Philadelphia) and University City (19104). University City is affluent and developing rapidly under the influence of Drexel University and the University of Pennsylvania. West Philadelphia is poor with an aging housing stock and little or no commercial development.

The following data contrasting the residential sales market in the two zip codes is from the **Trend Multilist** database, as compiled by **E. H. Lynn & Associates**.

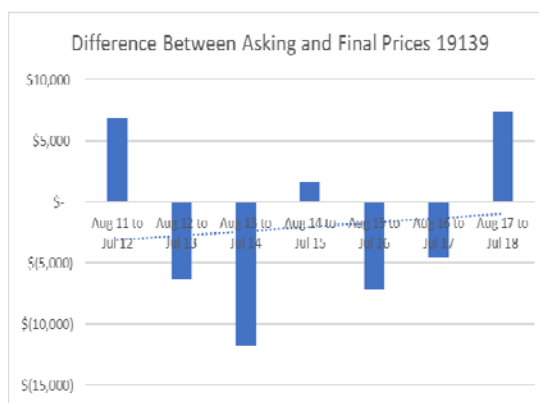
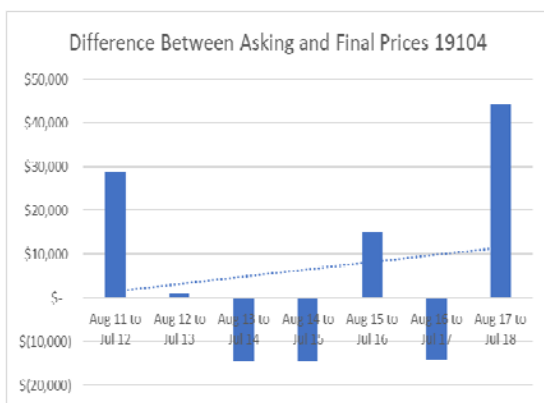
Residential Sales in 19104						
	Asking	Final	Difference	% Difference	DOM	No. of Sales
Aug 11 to Jul 12	\$ 197,692	\$ 169,069	\$ 28,623	14.5%	105	150
Aug 12 to Jul 13	\$ 192,399	\$ 191,599	\$ 800	0.4%	84	166
Aug 13 to Jul 14	\$ 204,657	\$ 218,955	\$ (14,298)	-7.0%	72	170
Aug 14 to Jul 15	\$ 221,306	\$ 235,907	\$ (14,601)	-6.6%	83	150
Aug 15 to Jul 16	\$ 280,125	\$ 265,066	\$ 15,059	5.4%	58	202
Aug 16 to Jul 17	\$ 264,873	\$ 279,037	\$ (14,164)	-5.3%	54	231
Aug 17 to Jul 18	\$ 308,396	\$ 264,006	\$ 44,390	14.4%	47	256

Residential Sales in 19139						
	Asking	Final	Difference	% Difference	DOM	No. of Sales
Aug 11 to Jul 12	\$ 70,561	\$ 63,758	\$ 6,803	9.6%	66	141
Aug 12 to Jul 13	\$ 65,814	\$ 72,138	\$ (6,324)	-9.6%	61	162
Aug 13 to Jul 14	\$ 68,794	\$ 80,593	\$ (11,799)	-17.2%	77	150
Aug 14 to Jul 15	\$ 77,250	\$ 75,589	\$ 1,661	2.2%	66	194
Aug 15 to Jul 16	\$ 74,378	\$ 81,547	\$ (7,169)	-9.6%	64	193
Aug 16 to Jul 17	\$ 84,187	\$ 88,766	\$ (4,579)	-5.4%	55	214
Aug 17 to Jul 18	\$ 114,624	\$ 107,199	\$ 7,425	6.5%	40	251

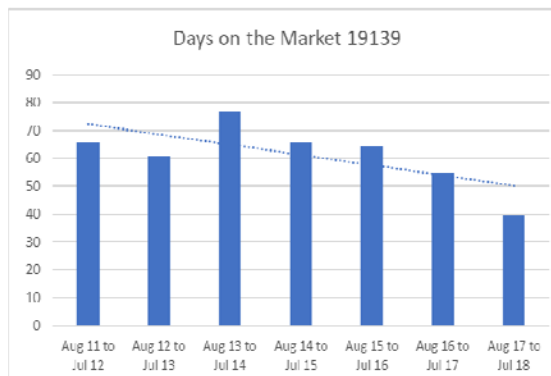
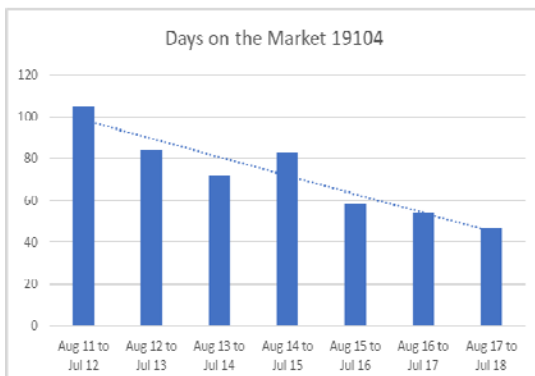
Sale prices have risen steadily in each neighborhood. Sale prices are 2.5 to 3 times higher in 19104 than in 19139.



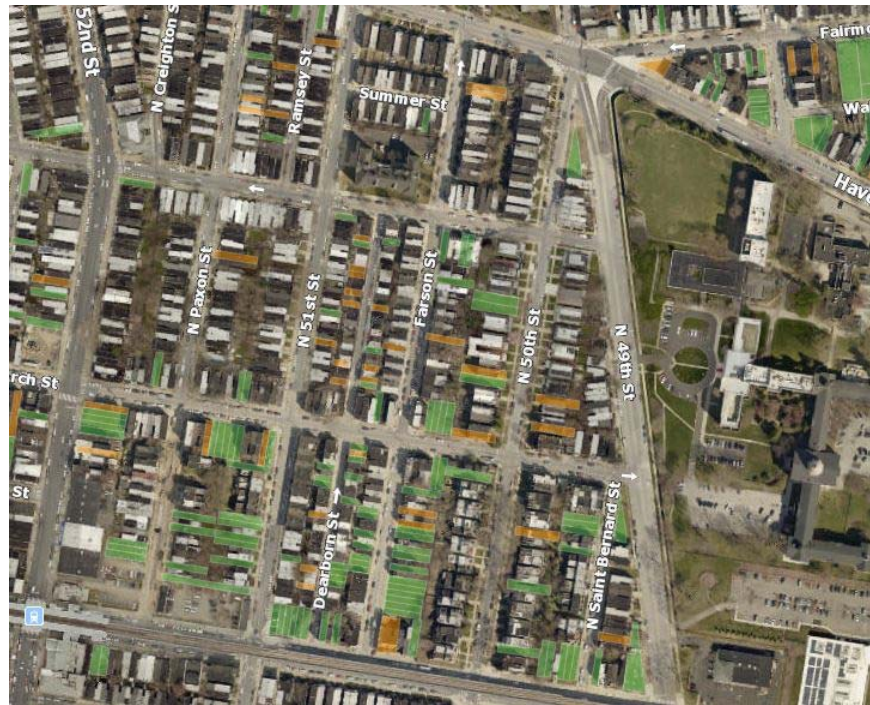
When final sale prices are higher than asking prices, demand is higher than inventory. The trend line for each neighborhood is slightly positive, but the mixed data suggest that the housing market in each zip code is in transition.



Days on the market in each zip code have declined steadily, an indicator of strong demand.



Vacant properties in the Dunlap neighborhood, from the Philadelphia Open Source database. Green sites are vacant lots and light brown sites are vacant buildings. The Kirkbride Center is on the right.



Vacant properties in the Haverford North neighborhood, from the Philadelphia Open Source database. Green sites are vacant lots and light brown sites are vacant buildings.



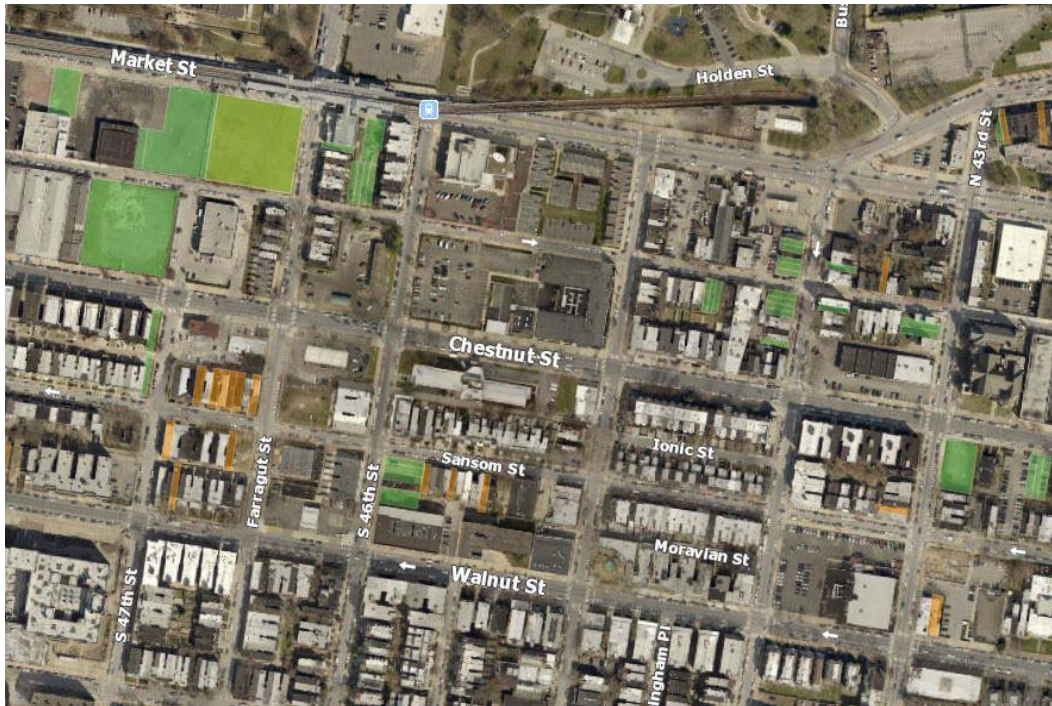
Vacant properties in the Powelton Village neighborhood, from the Philadelphia Open Source database. Green sites are vacant lots and light brown sites are vacant buildings. The Drexel athletic fields and the Westpark Apartment towers are in the center of the picture.



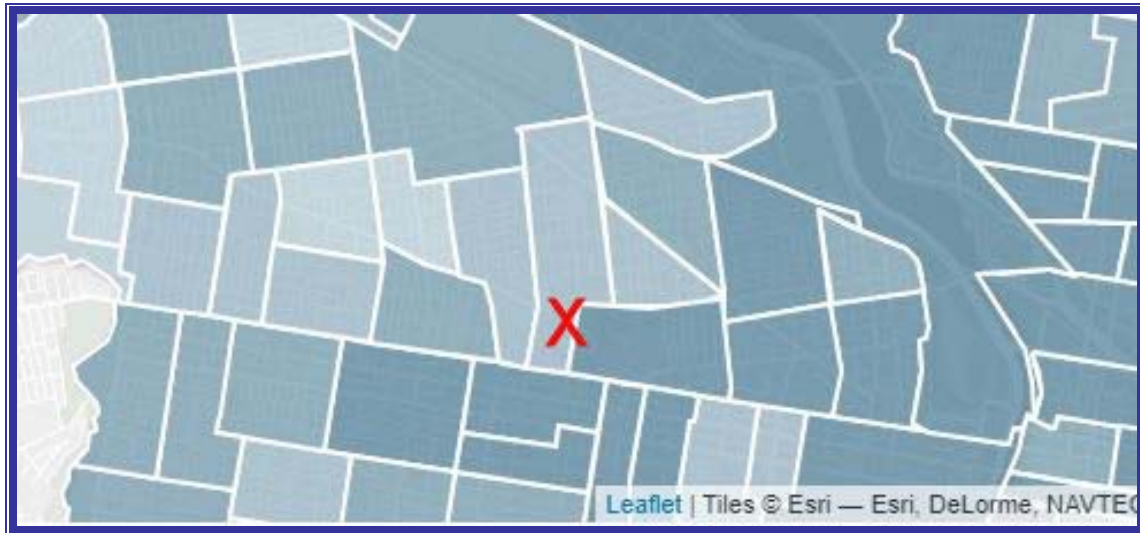
Vacant properties in the Walnut Hill neighborhood, from the Philadelphia Open Source database. Green sites are vacant lots and light brown sites are vacant buildings. The Karabots CHOP center is in the upper right hand corner of the picture.



Vacant properties in the Spruce Hill neighborhood, from the Philadelphia Open Source database. Green sites are vacant lots and light brown sites are vacant buildings. There are several large vacant lots in the upper left of the picture, across Market St. from the subject.



Building permits by census district in 2017. The subject is a red X. The darker color indicates high activity, the light color indicates low activity. More permits have been issued east and south from the subject, toward University City, than to the north and west.³⁸

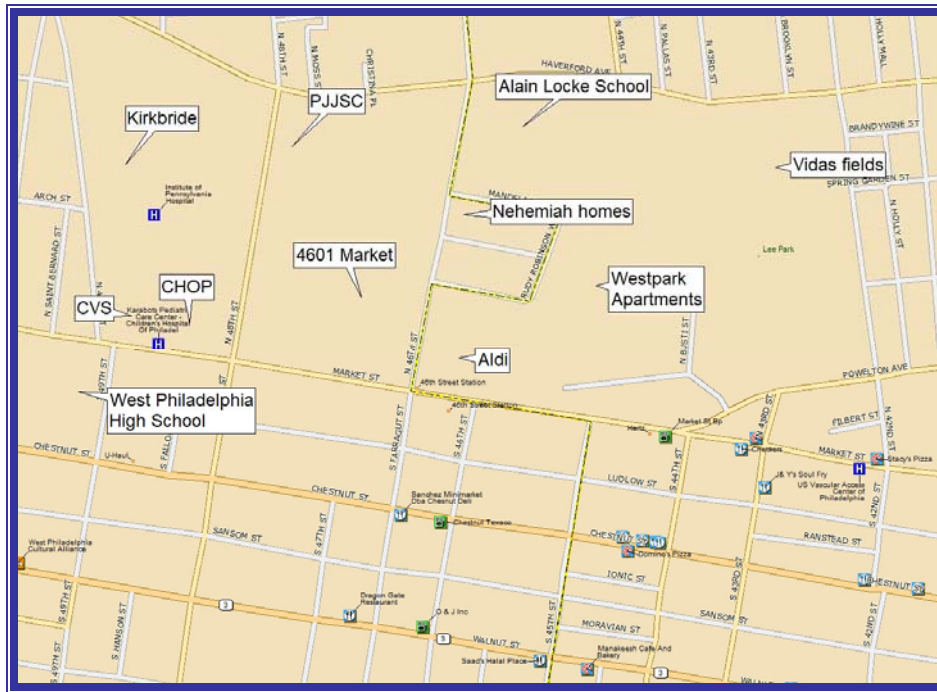


Map of census districts in West Philadelphia, for orientation. The subject is a black X.



³⁸ Philadelphia Open Source Database

NEIGHBORHOOD



The subject is in a neighborhood with schools and medical facilities, an affordable high rise apartment complex, a 20 year old affordable home ownership development, and vacant commercial lots.

The Alain Locke Elementary School at 4420 Haverford Ave. is a K-8 public school with an enrollment of 445 built in 1965.

The Philadelphia Juvenile Justice Services Center at 91 N. 48th St. is a 160,000 sq. ft. alternative high school on five acres built in 2011.



The CHOP Karabots Pediatric Care Center at 4865 Market St. is a two story 52,000 sq. ft. medical facility on four acres built in 2012. It is a state-of-the-art pediatric care center (Karabots Primary Care Center) at the corner of 48th and Market offering pediatric care and community programs to West Philly children and families (the centers at 39th and Chestnut Sts. and 3550 Market St. moved to the Karabots Center). The Center planned to accommodate over 64,000 outpatient visits annually.

The Kirkbride Center at 111 N. 49th St. was a psychiatric hospital from 1841 to 1997. Today it houses the West Philadelphia ACES Charter School and other facilities. The total building area is 390,000 sq. ft. on 17.5 acres.

The Vidas Athletic Complex at 4200 Haverford Ave. contains Drexel University playing fields on 18 acres.

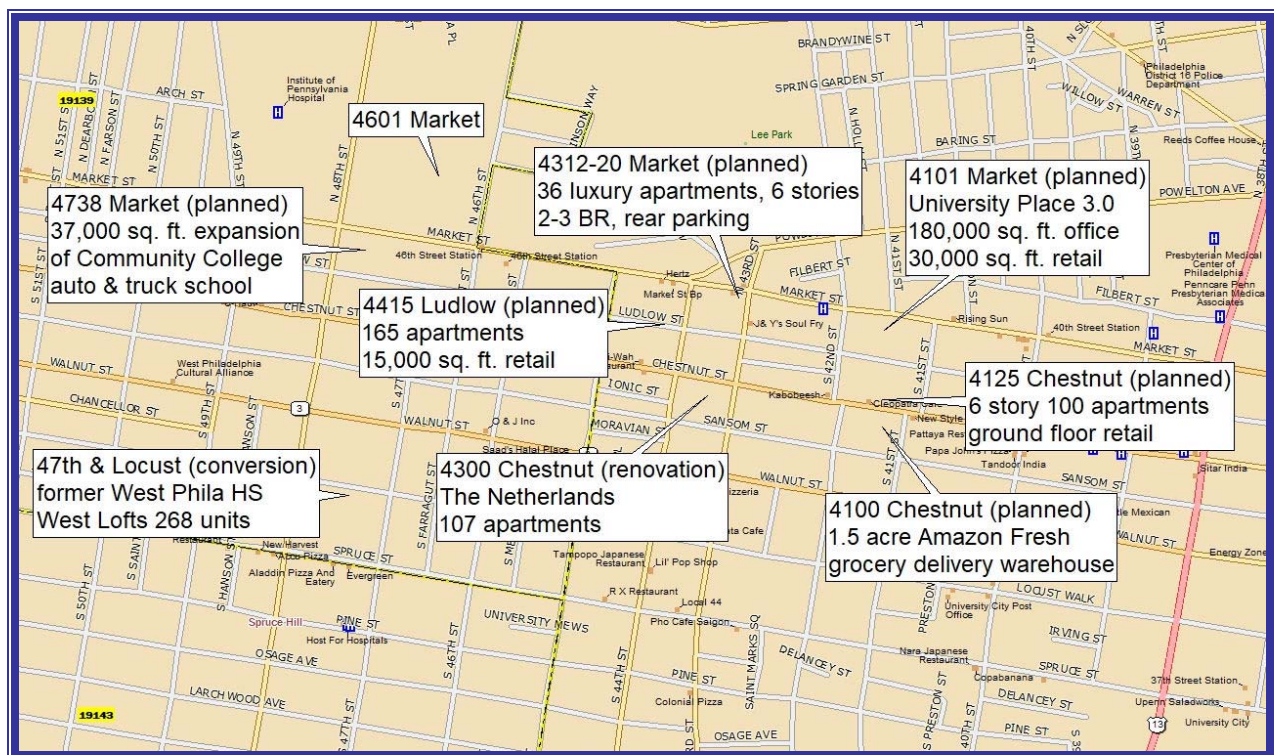
The Aldi Supermarket at 4421 Market St. is a 16,600 sq. ft. store on 2.4 acres built in 1998.

The Westpark Apartments are three high rise buildings totaling 343,158 sq. ft. on 12 acres. It is owned and operated by the Philadelphia Housing Authority, contains 327 units (1 to 4 bedrooms), a playground, and parking lots.

The West Philadelphia Nehemiah Homes, an affordable housing initiative by The Reinvestment Fund and the Philadelphia Interfaith Action Foundation in 1994-1997, built 135 townhomes, 1,480 sq. ft. with 4 bedrooms or 1,332 sq. ft. with 3 bedrooms on two stories. Some of the houses are along the west side of N. 46th St. at the corner with Haverford Ave. Most are on Mandela Way and three other streets on the east side of N. 46th St.

Exhibited below, is the map of area developments described previously.

MAP OF NEW DEVELOPMENTS



- At 59th and Market Sts. a development team of Mission First Housing Development and Horizon House has broken ground for New Market West, a \$50 million four story community services and retail complex on a vacant lot. The 137,700 sq. ft. building will contain early childhood education, workforce development, and behavioral health services. According to Sue McPhedran of Horizon, there will be underground parking for 80 cars. The three upper floors are fully preleased at \$20 per sq. ft. triple net. The ground floor day care space has been preleased for \$16 per sq. ft. triple net. The proposed retail space on the ground floor has yet to be leased. A second phase will contain 40 units of affordable housing and cost \$15 million.
- Gov. Wolf of Pennsylvania has nominated Market St. in West Philadelphia and some other Philadelphia neighborhoods for relief from federal capital gains taxes. As part of the 2017 tax bill, investors in business and real estate in Qualified Opportunity Zones could get deferral, reduction, or elimination of taxes.
- The Redevelopment Authority of Philadelphia is assisting Neighborhood Restorations in developing 100 units of affordable housing on scattered sites in Mantua and other neighborhoods in West Philadelphia. The two new projects, WPRE II and III, will cost over \$21 million and range from one to four bedroom apartments. Additional funding comes from The Reinvestment Fund and from the sale of tax credits.
- The new West Philadelphia High School at 4901 Chestnut St. is a three story, 82,000 public school on 4.59 acres built in 2011. It houses grades 9 to 12 with an enrollment of 575 students.

Map Showing Underdevelopment Along South Side of Market Street



The south side of Market St. is underutilized. Market St. west of 44th is still recovering from the replacement of the elevated train platform from 1999 to 2009. Many business failed during the long closure of Market St. sidewalks.

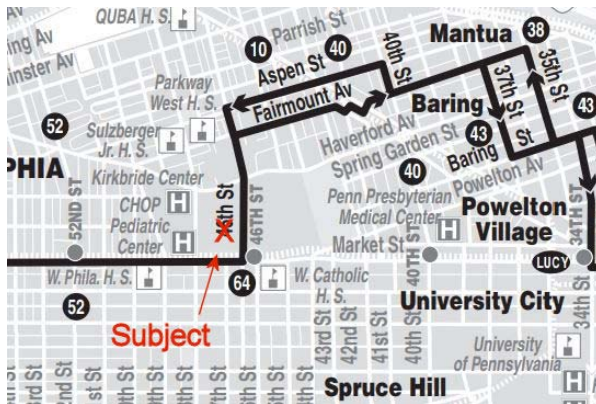


- 4307-25 Market is a 6,840 sq. ft. parking lot owned by Feige Associates. It is triangular and on the north side of Market.
- 4420-22 Market is Stan's Tires, a two story brick tire store with attached house.
- 4424-26 Market is O'neal Animal Hospital, a two story brick building with a 16,443 sq. ft. commercial parking lot next door at 4428-34, and O'neal Autobody, a one story garage at 4436, all owned by the same party.
- 4500 Market is a two story 60,000 sq. ft. apartment complex on a 1.3 acre lot renovated in 2014 by Neighborhood Restorations, an affordable apartment renovator.
- 4548 Market is The Enterprise Institute, a two story, 35,000 sq. ft. commercial building on a one acre lot. The Enterprise Center at 4548 Market St. is a facilitation and consulting firm interested in local and minority business development.
- 4610-20 Market, owned by SEPTA, is a 5,217 sq. ft. well kept pocket sized park next to the 46th St. El station. It opened in 2013 and was developed by The Enterprise Center.
- 4622-26 Market is the 46th St. El Station, owned by SEPTA.
- 4628 Market is a 1.1 acre vacant lot owned by The Enterprise Center.
- Several properties on the 4700 block of Market are owned by the Daniel Veloric Foundation. Mr. Veloric is a former nursing home executive:
- 4700-06 Market is a 25,496 sq. ft. vacant lot.
- 4708-12 Market is a 2,465 sq. ft. one story masonry building on a lot of 9,360 sq. ft.
- 4714-16 Market is a 5,600 sq. ft. one story masonry building on a lot of 4,580 sq. ft.
- 4718-36 Market is a 3,160 sq. ft. masonry building on a lot of 2,000 sq. ft.
- 4738-42 Market is a vacant lot of 2/3 of an acre that Mr. Veloric sold in 2017 to the Community College for development with a 37,000 sq. ft. expansion to its auto and truck repair school.

- 4744-46 Market or 4731-43 Ludlow is a 3,800 sq. ft. school on a lot of 24,870 sq. ft. owned by the Community College of Philadelphia. The facility is used for instruction in auto repair.

Reportedly development beyond 46th Street is limited: "There's no one going past 46th Street," Veloric said. "But it's a marketplace that's ripe for development."

- Binti's nightclub is a 6,682 sq. ft. two story building on a lot of 3,800 sq. ft. at 4800-04 Market St.
- Forman Mills, a clothing store, is a 54,460 sq. ft. masonry building on a lot 2.1 acres at 4806-4898 Market.
- Across Market St. from Forman Mills are the CHOP Karabots facility and a CVS drugstore (built in 2000).
- Across 49th St. from Forman Mills is the new West Philadelphia High School.
- The subject is served by two SEPTA bus lines that stop at the corner.



SEPTA Bus 31



SEPTA Bus 64

The Market Frankford elevated train has a stop at 46th St. next to the subject. The line continues west to the 69th St. terminal in Upper Darby. The train goes underground two blocks to the east, at 44th St. It continues to 30th St. station and then under the Schuylkill River to Center City and then to 2nd St. and then turns northeast to Kensington and Frankford.

Market Frankford Elevated Train



46TH Street Station – Market-Frankford Line

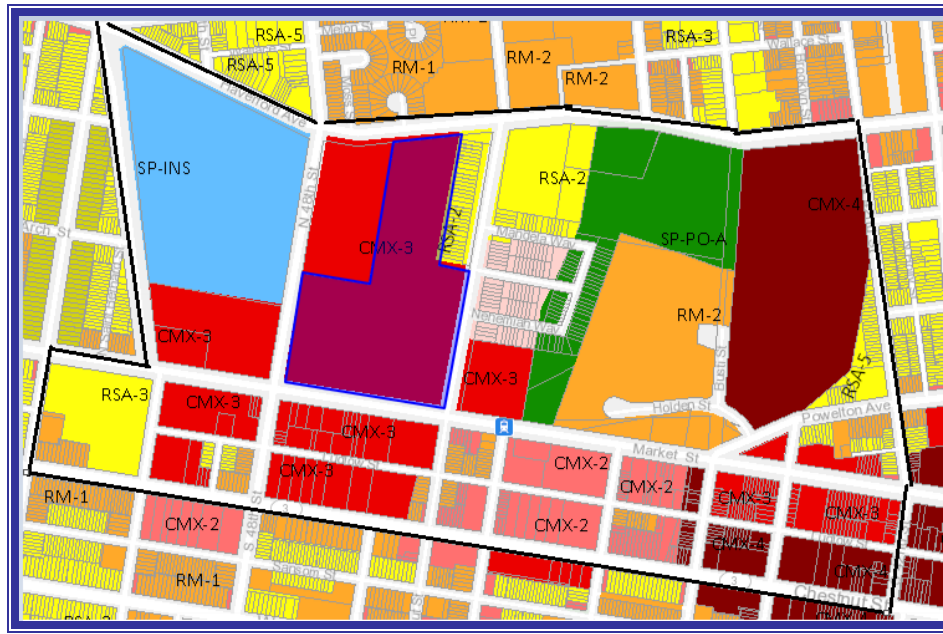
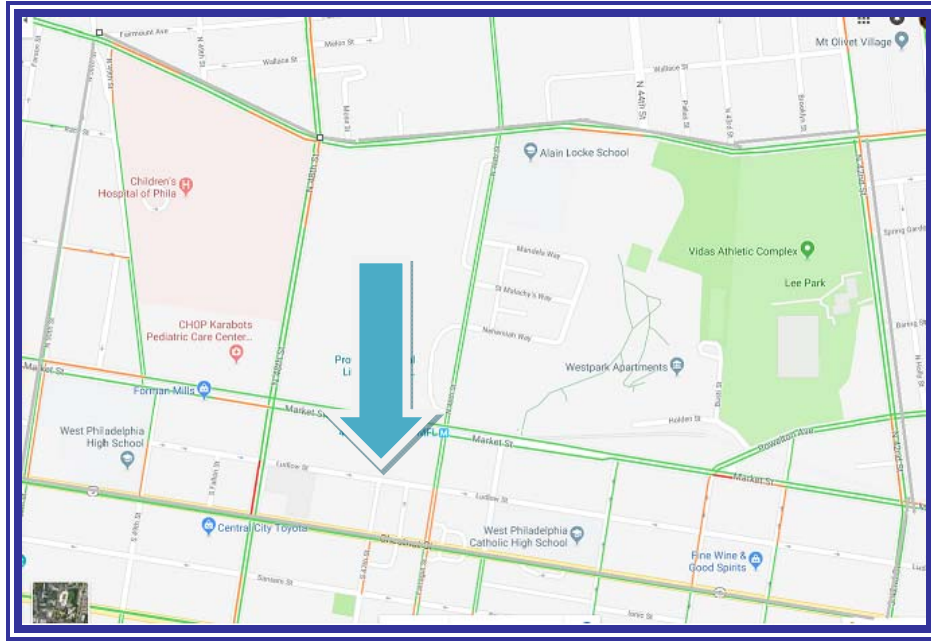


Conclusion

The Dictionary of Real Estate Appraisal 6th Edition, defines a Neighborhood as follows:

Neighborhood is a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.

Considering all the Area, Local Market, Neighborhood, Demographics as well as Office, Apartment, Retail and Residential market studies, we have outlined the subject neighborhood below. The area combines the social, institutional, healthcare and basic retail uses of the community. This neighborhood or complementary land uses runs from Haverford Avenue on the North, to N. 42nd Street on the east, to Chestnut Street on the South and to 49th/50th Street on the west.

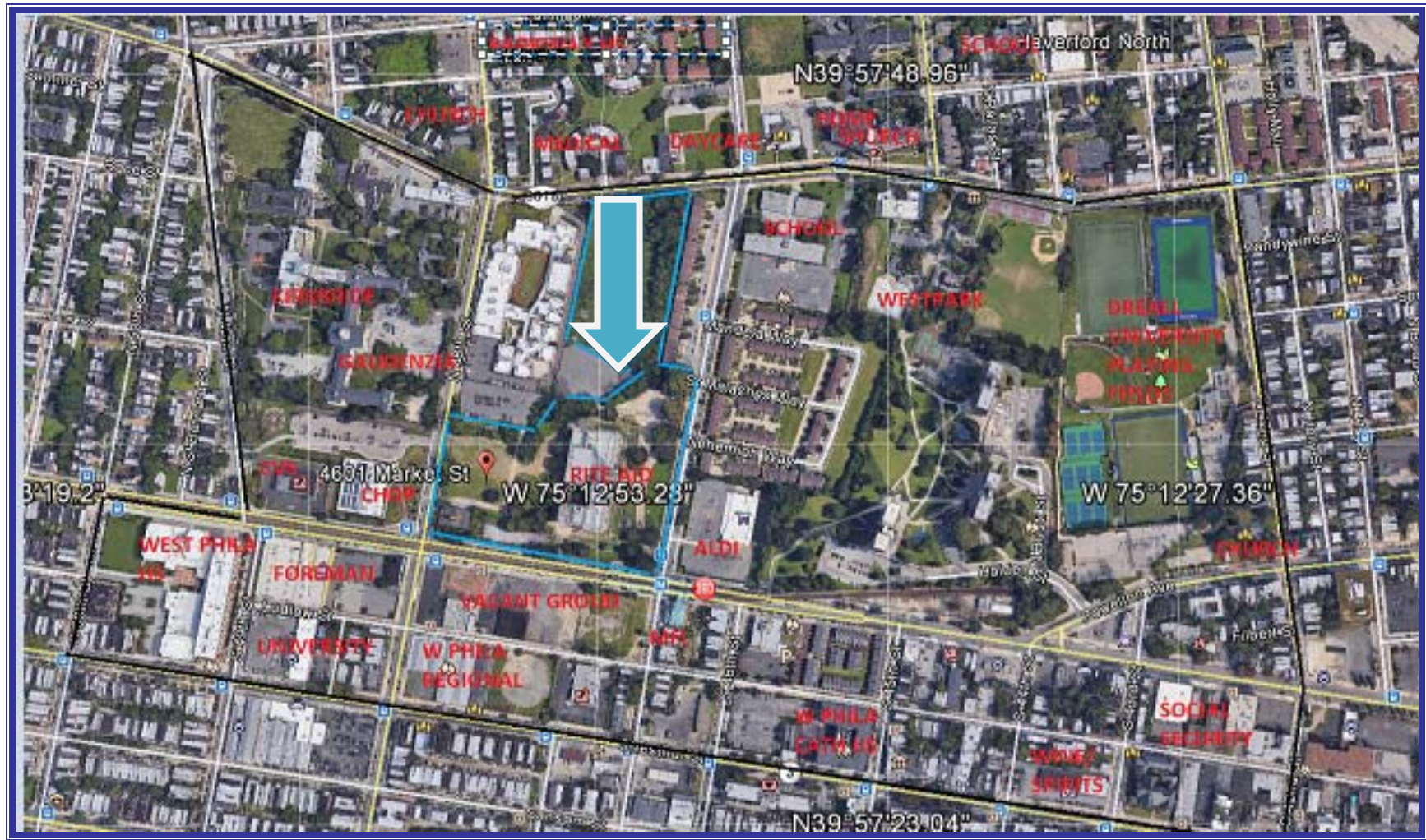


All of the uses within this area are primarily institutional, social services or basic retail facilities.

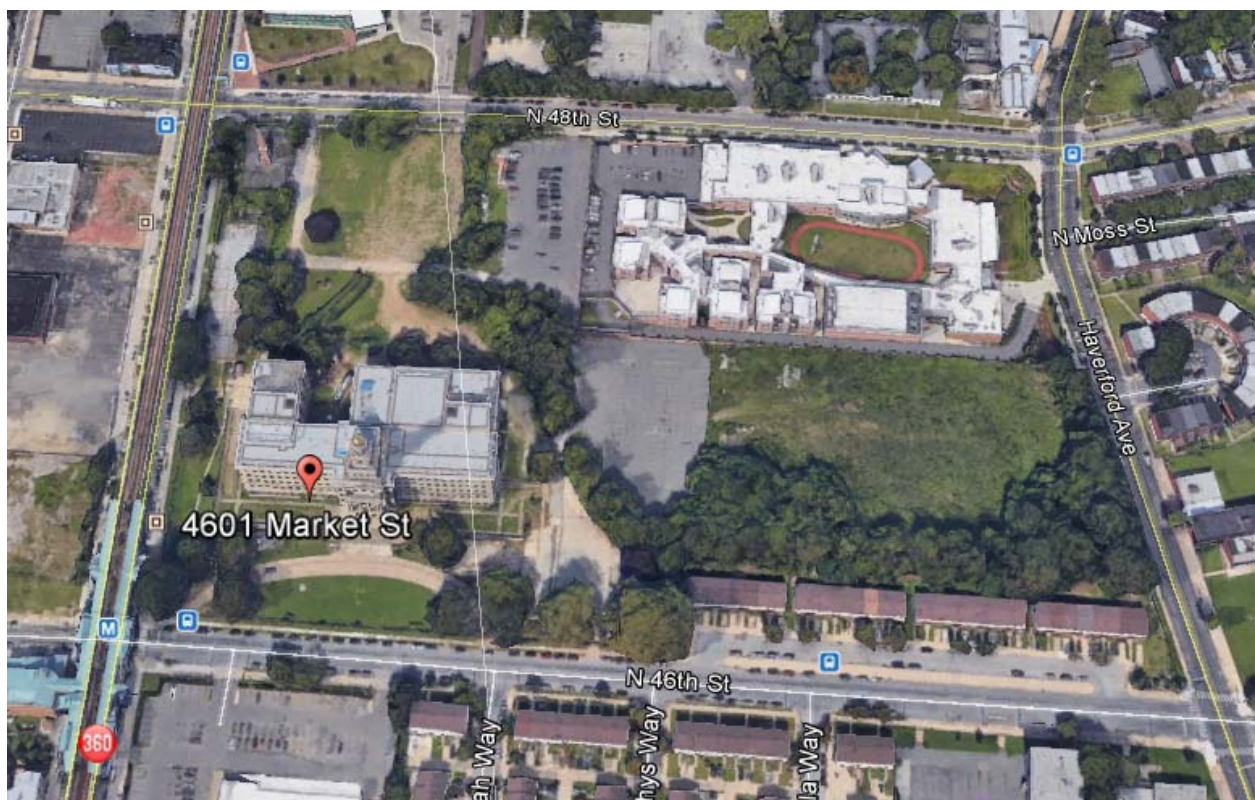
- *Zoning is primarily Commercial including the subject which is CMX-3 as well as all of the ground along Market and Chestnut Streets which are also CMX-3 or CMX-2. The densest zoning is Drexel University's athletic fields which are CMX-4, a potentially large site for development.*
- *The land along Market Street on its south side reflects the negative effects of the construction of the Market Frankford Train Station.*
- *Social agencies within the area include Kirkbride, Philadelphia Juvenile Justice Services Center, Gaudenzia House of Passage, St. Ignatius Nursing Home on Haverford Avenue and Children's Hospital.*
- *Schools include the new West Philadelphia High School, West Catholic High School, Alain Locke School and Parkway West High School.*
- *Basic Retail Services include Aldi, CVS, Rite Aid, Wine & Spirits and Foreman Mills.*
- *Numerous churches situated in the area include West Philadelphia Seventh-Day Adventists and Jehovah Jireh Baptist Church on Haverford Avenue and Lombard Presbyterian on N. 42nd Street.*
- *Residential areas primarily surround the area with the exception of Westpark Apartments and Nehemiah Homes.*
- *Supportive agencies include the Enterprise Center and Social Security Administration on Market Street.*
- *All of these places are available to the surrounding West Philadelphia residential areas because of location on the Market-Frankford Line.*
- *Location adjacent to the Market-Frankford (MFL) Line can only positively affect the subject area as growth expands westward and developers seek new areas for construction and this area provides access to employment centers to the east.*
- *New efforts to train the unemployed with a high school education should benefit the surrounding neighborhood that live in poverty (under \$25,000) or deep poverty (under \$10,000).*
- *University City is driven by University of Pennsylvania, Drexel University, CHOP and the University Science Center. The long-term developments at Schuylkill Yards and uCity Square mean that the area will continue to grow, as new sites for construction are needed.*
- *The mixed-use developments along Chestnut Street and Market Street are advancing westward, including the Orens project at 44th and Ludlow and the West Lofts at 47th and Locust.*
- *University City has the highest office rental rates, moderately high retail rates, and increasing apartment rents. This growth will positively affect the subject area due long-term projects, such as uCity Square and Schuylkill Yards. These projects in turn will lead to the growth of the science, tech, engineering and math (STEM) jobs, bringing innovative minds to this area of the city. Such growth will positively affect the subject area.*

The subject lies on a boundary between the more affluent and faster developing University City, and the poorer and underdeveloped West Philadelphia. New developments are getting closer from the east and south, but the south side of Market St. remains underdeveloped. Institutional uses and affordable housing, characterize the neighborhood.

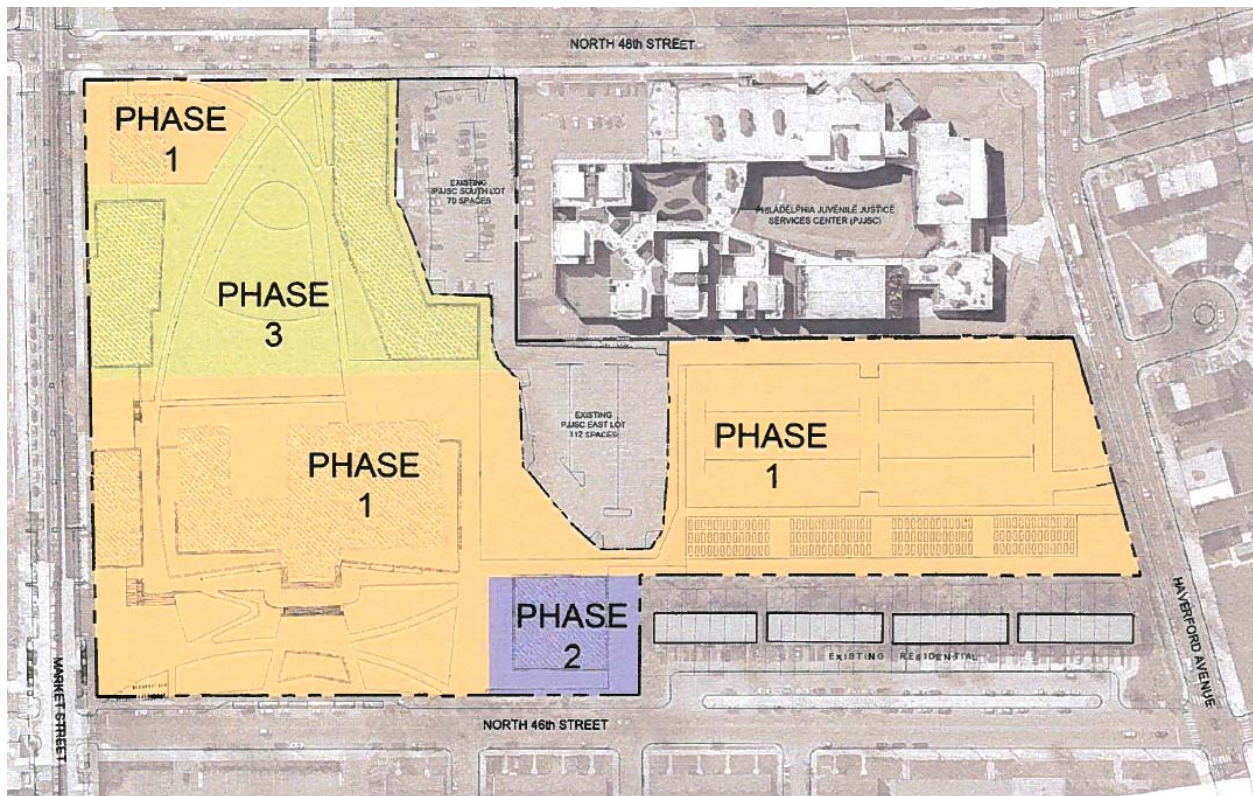
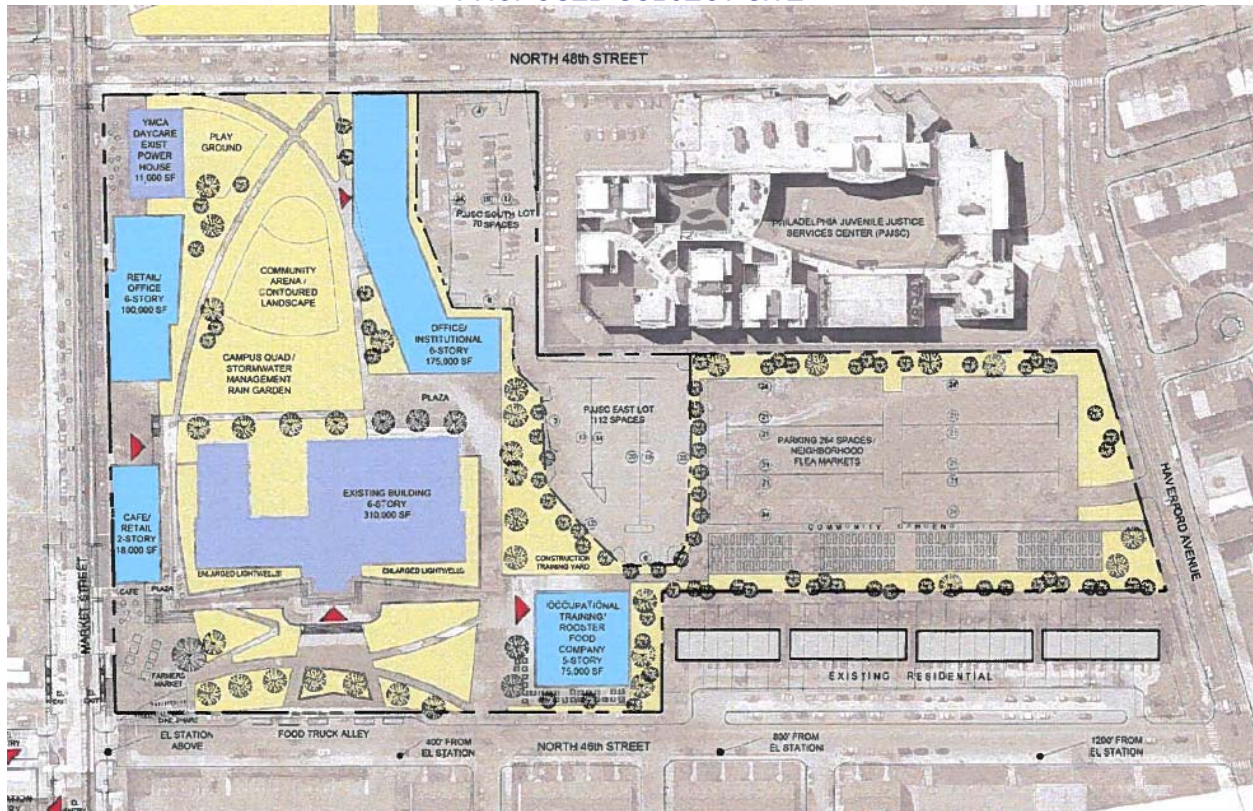
NEIGHBORHOOD MAP



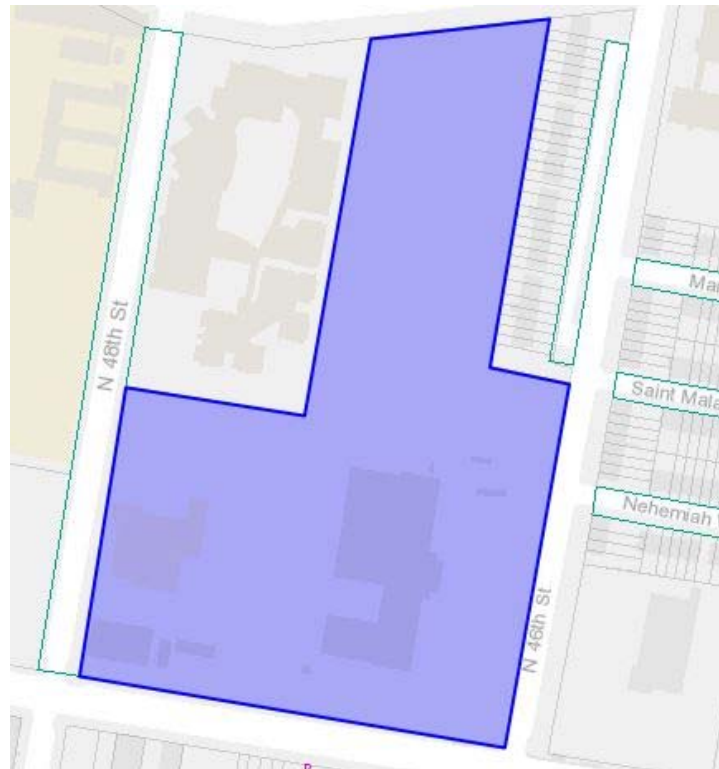
AERIAL MAP – EXISTING SUBJECT SITE



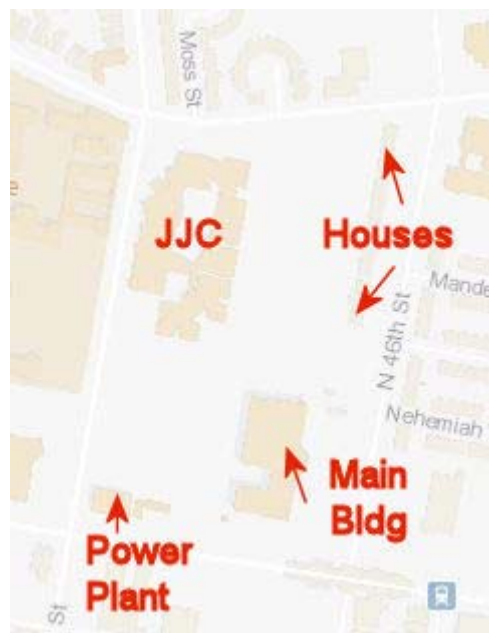
PROPOSED SUBJECT SITE



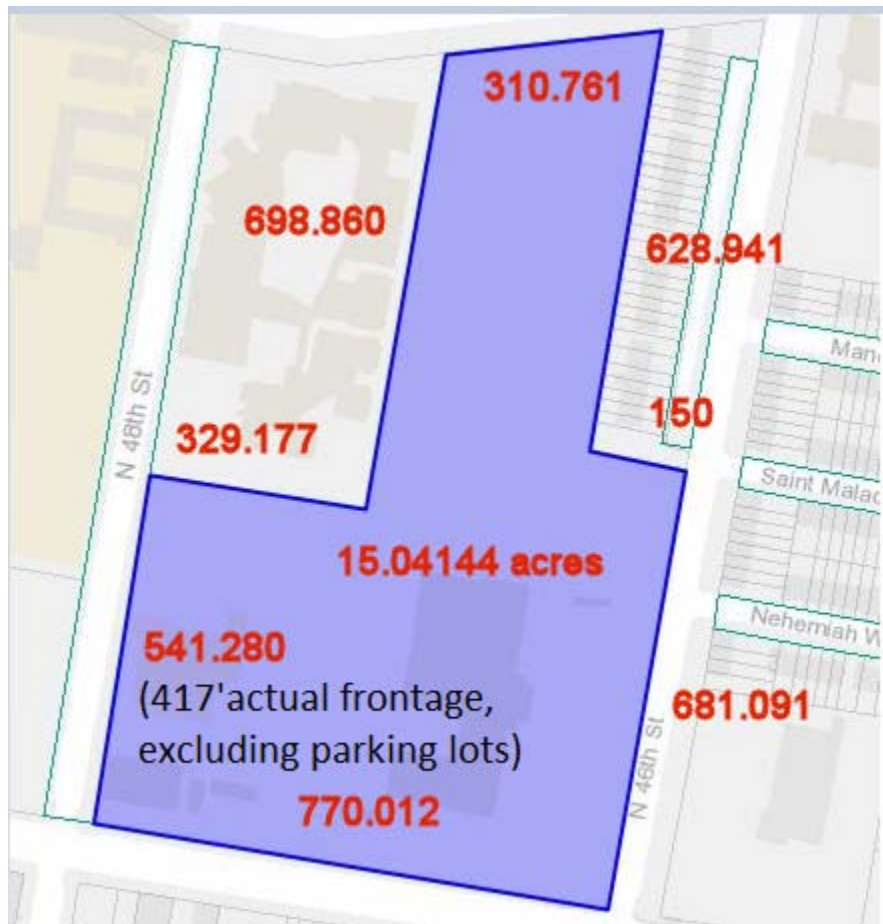
TAX MAP



PHILADELPHIA ATLAS MAP

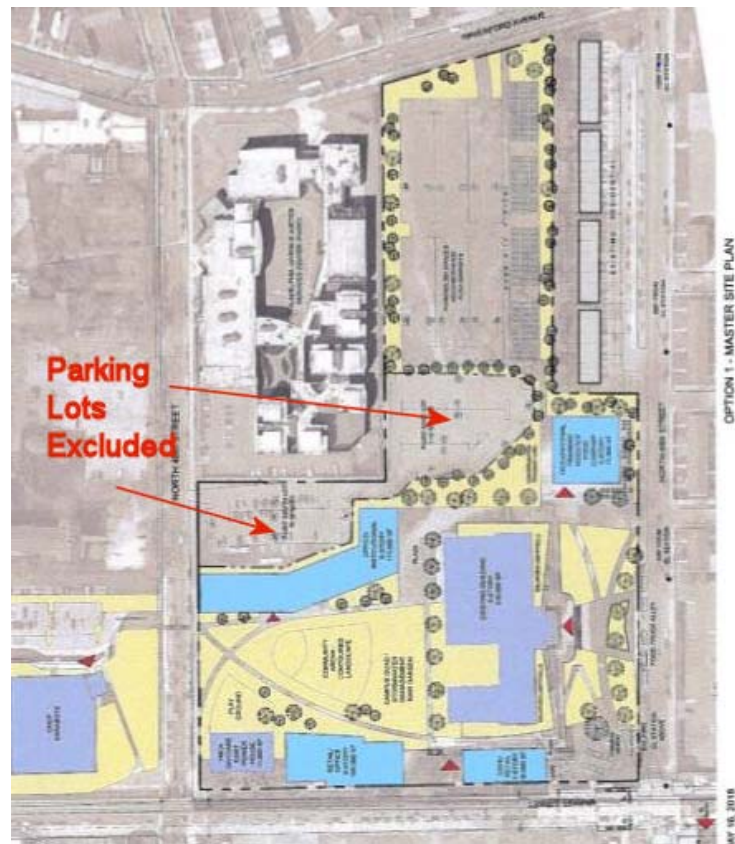


**TAX MAP – NOTATED –
INCLUDES ADDITIONAL AREA THAT WILL BE EXCLUDED**



Dimensions and area from 2014 deed. The subject property as defined by the client excludes two parking lots that total 1.937 acres. The land area of the subject for the proposed development is 13.104 acres. See the illustration below.

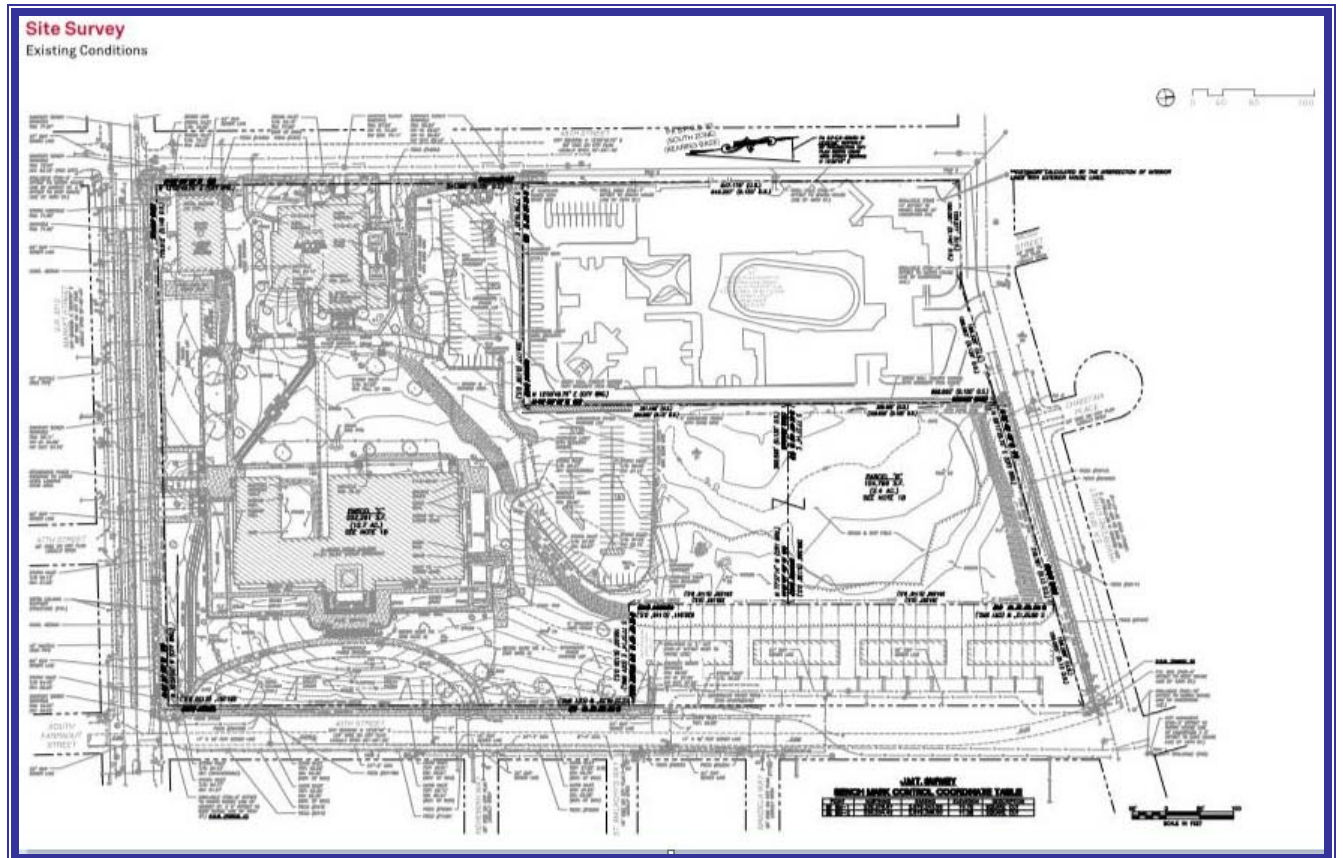
SITE PLAN SHOWING PARKING LOTS TO BE EXCLUDED



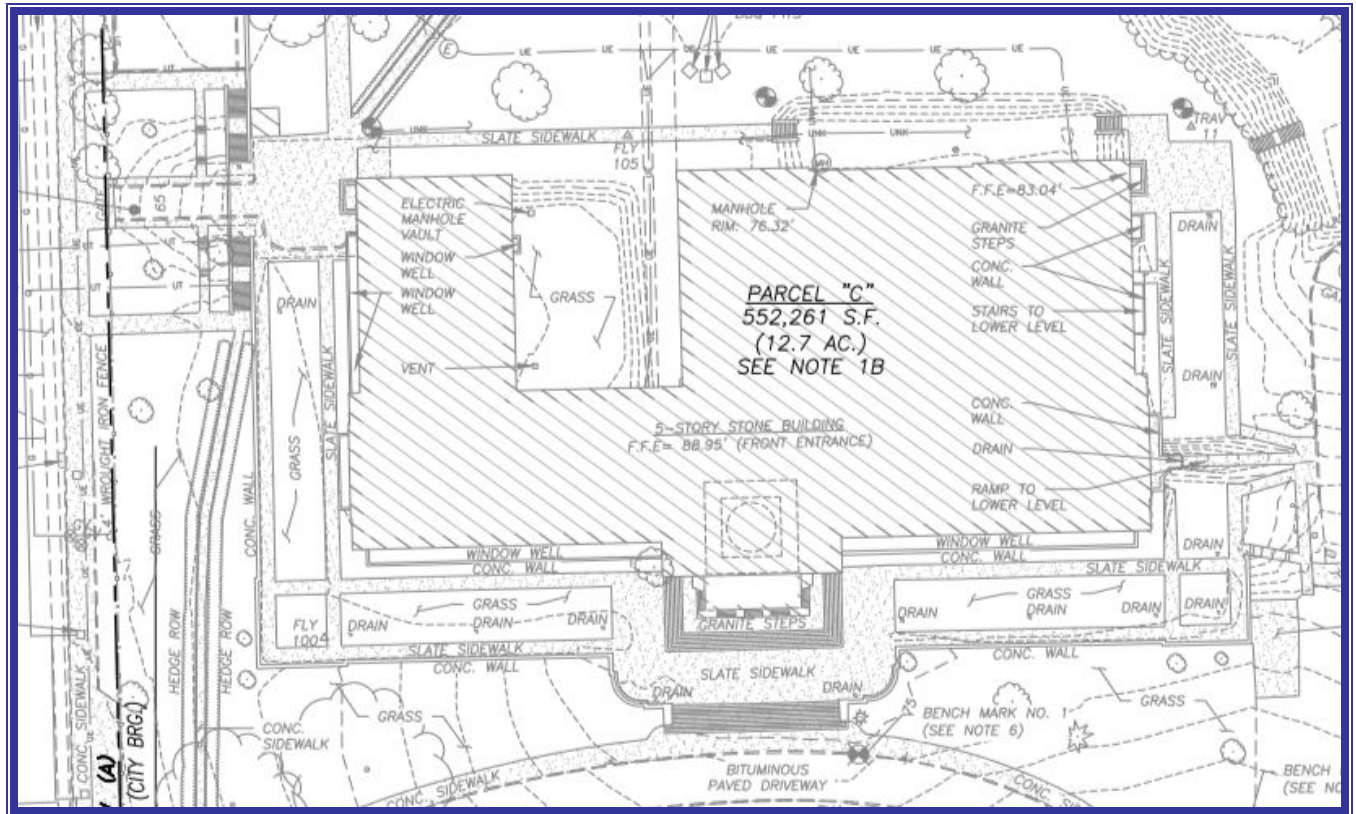
Two parking lots used by the JJC are excluded from the legal parcel for this appraisal.



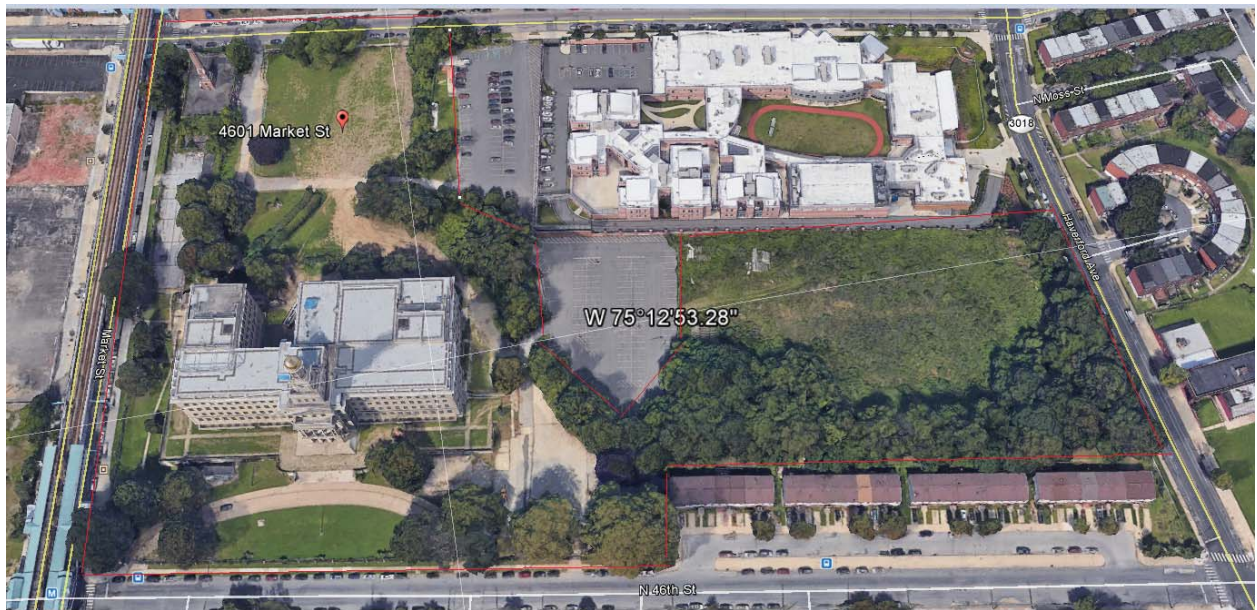
SITE PLAN



SITE PLAN EXCERPT – MAIN BUILDING



AERIAL VIEW



PROPERTY DESCRIPTION

The following description is based on our property inspection, public records, and legal description. Additional information was provided by Philadelphia Industrial Development Corporation (PIDC). Additionally, Sam Mild, one of the appraisers, for this assignment, worked in the building prior to Provident Mutual Life Insurance Company leasing the campus in 1983.

The subject property is listed on the National Register of Historic Properties as setup by the 1986 federal tax law. The 2017 tax federal tax law maintains the credit, but the credit may be less valuable to developers due to cutting corporate tax rate to 21 percent from 35 percent and requiring the tax credit to be spread over five years.



4601 Market Street Building
(Source: City of Philadelphia, Department of Records)

Case Study: Historic Preservation Tax Credit

The Historic Preservation Tax Credit (HPTC) is a program through the Pennsylvania Department of Community and Economic Development. Tax credits are sums of money that taxpayers can deduct from their taxes owed. The program applies to property owners who are completing restoration of a building that is listed on the National Register or located in a national or local historic district, and is being converted into an income-producing property. The tax credits awarded cannot exceed 25 percent, or \$500,000, whichever is smaller, of the budget submitted in a single fiscal year.

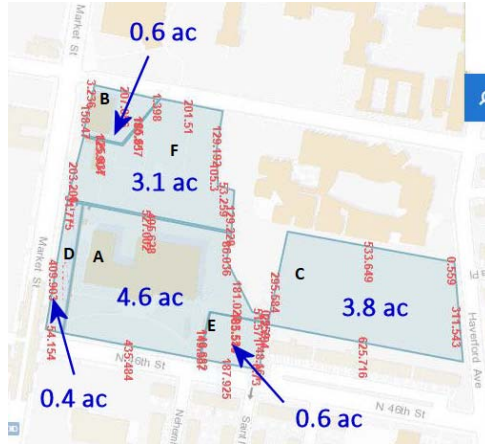
Twelve buildings in Philadelphia have received HPTC since the inception of the program in 2012, however none of these are within the district. The district contains only one property listed on the National Historic Register that could take advantage of this program: 4601 Market Street. Properties within the Cobbs Creek Automobile Suburb National Historic District could also qualify, however, most of these properties are residential.

SITE

<u>Location</u>	<i>The site is located on the north side of Market St. between N. 46th and N. 48th Sts. It is irregular in outline and extends to Haverford Ave. on the North.</i>
<u>Current Use of the Property</u>	<i>The subject is a former office building with power plant and surrounding ground. Office building is in shell condition and is ready for development with the interior excavated, asbestos containing materials removed, a new roof installed and the existing central dome renovated.</i>
<u>Zoning</u>	<i>CMX-3 - Community Commercial and Mixed-Use District</i>
<u>Site Size</u>	<p><i>Total: 13.10 acres; 570,636 square feet</i></p> <p><i>The site occupies most of a large city block. For this appraisal, it is reduced below the size stated in the legal description by the exclusion of two parking lots that total 1.9 acres.</i></p>
<u>Excess Ground</u>	<p><i>Total: 4.10 acres; 178,596 square feet.</i></p> <p><i>The excess land includes four parcels which are proposed for 368,000 square feet of area in two to six story buildings.</i></p> <p><i>The existing building coverage with supporting ground is approximately 5.2 acres and the proposed parking lot is 3.8 acres. This is about 9 acres of the 13.1 acres total. The remainder is the excess land estimated at 4.1 acres.</i></p>
<u>Shape</u>	<p><i>See map at end of site description.</i></p> <p><i>The site is irregularly shaped.</i></p>
<u>Frontage/Access</u>	<p><i>The subject property has good access with frontage as follows:</i></p> <ul style="list-style-type: none"><i>• Market St.: 770 feet</i><i>• N. 46th St.: 681 feet</i><i>• N. 48th St.: 417 feet</i><i>• Haverford Ave.: 311 feet</i> <p><i>The site has an average depth of 1,187 feet. It is a corner lot.</i></p> <p><i>The site has two major corners on Market Street on the northwest corner of N. 46th Street and on the northeast corner of N. 48th Street. The site has 770 feet of frontage on Market Street, 681 feet on the westside of N. 46th Street, 417 feet of frontage on the eastside of N. 48th Street and 310 feet of frontage on the southside of Haverford Avenue. Market Street is 100 foot wide two way street with the Market-Frankford Elevated line running overhead and the 46th Street Station located across from the subject. The remaining frontages of N. 46th Street, N. 48th Street and Haverford Avenue are 80 foot wide and are two way streets.</i></p> <p><i>The average daily traffic count in 2017 is 8,501 vehicles at N. 46th Street and Market Street. The average daily traffic count in 2017 at N. 48th Street and Haverford Avenue was 8,859 vehicles. This can be compared to S. 47th and Chestnut where the 2017 traffic count is 15,383 vehicles.</i></p>
<u>Visibility</u>	<i>Good</i>

<u>Topography</u>	<i>The site is elevated approximately 25 ft. above the level of Market St. in that the main building rises from a mound, although the basement is at street grade. The mound slopes down toward N. 46th St. and has terraces along Market St. The site is at street grade at N. 48th St. and at Haverford Ave.</i>
<u>Soil Conditions</u>	<i>The soil conditions observed at the subject appear to be typical of the region and adequate to support development.</i>
<u>Utilities</u>	<i>Electricity: Peco</i> <i>Sewer: Public</i> <i>Water: Public</i> <i>Natural Gas: PGW</i> <i>Underground Utilities: The site is serviced by underground utilities.</i> <i>Adequacy: The subject's utilities are typical and adequate for the market area.</i>
<u>Site Improvements</u>	<ul style="list-style-type: none"> • <i>Street lights</i> • <i>Sidewalk</i> • <i>Curb and gutters</i> • <i>The site has a variety of trees and shrubs and large, grass covered areas.</i>
<u>Flood Zone</u>	<i>The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which is not classified as a flood hazard area.</i> <i>FEMA Map Number: 4207570179G</i>
<u>Surrounding Uses</u>	<ul style="list-style-type: none"> • <i>Northside- Haverford Avenue</i> • <i>Southside- Market Street</i> • <i>Eastside- N. 46th Street</i> • <i>Westside- N. 48th Street</i> <p><i>The block surrounded by Haverford Avenue, Market Street, N. 46th Street and N. 48th Street includes the subject property, Philadelphia Juvenile Justice Services Center with parking lots and a row of residential properties.</i></p>
<u>Environmental Issues</u>	<i>No environmental report has been provided to us. Asbestos containing materials have been removed. The basement contains water that is constantly pumped out. There may be a spring on the site.</i>
<u>Encumbrance / Easements</u>	<i>Typical utility easements assumed.</i>
<u>Linkages/Access/Transportation</u>	<i>Access to the Schuylkill Expressway, Interstate 76 at 30th Street. Philadelphia 30th Street station is 3.8 miles. Philadelphia International Airport is 9.9 miles. Major East-West arteries are Market Street, Chestnut Street and Walnut Street.</i>
<u>Overall</u>	<i>The site occupies most of a large portion of two city blocks running from N. 46th Street to N. 48th Street between Market Street on the south and Haverford Avenue on the north and has the potential for redevelopment of the existing buildings with development potential on the excess ground estimated at about 4 acres of commercially zoned ground.</i>

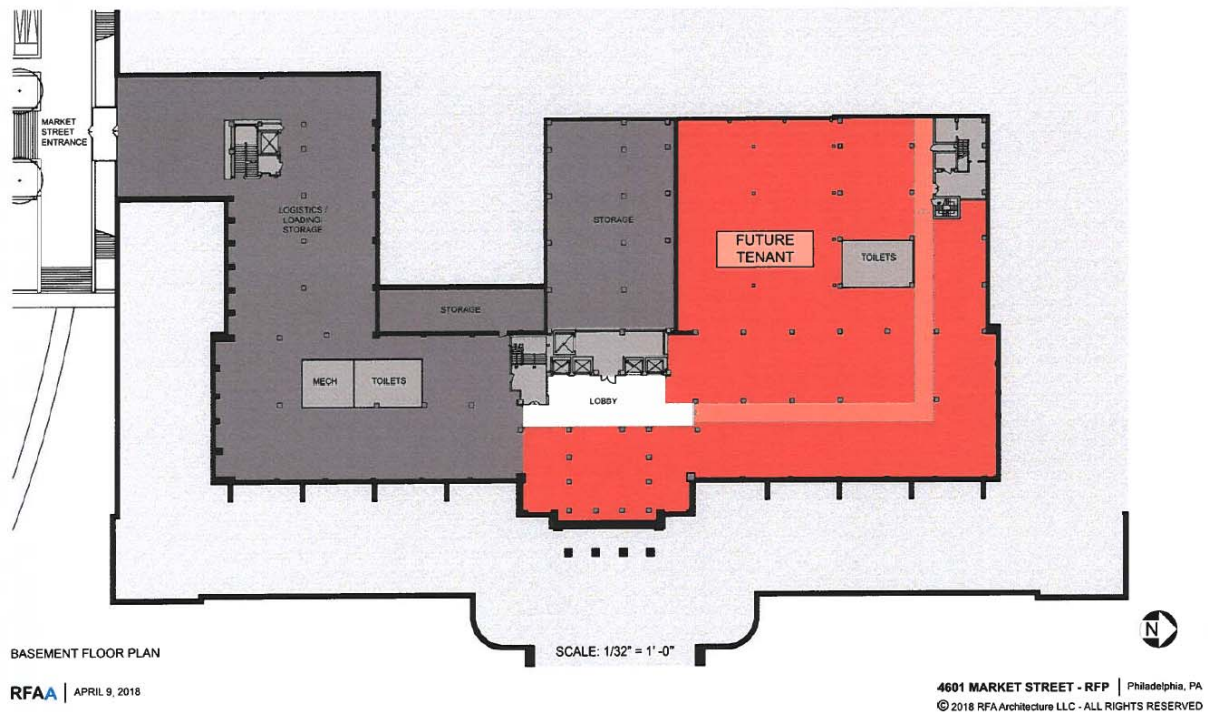
Excess Ground
Estimation



Parcel A is the main building; Parcel B is the existing power plant; and, Parcel C is the parking lot. Parcels D, E and F are proposed for future development and are considered Excess Ground.

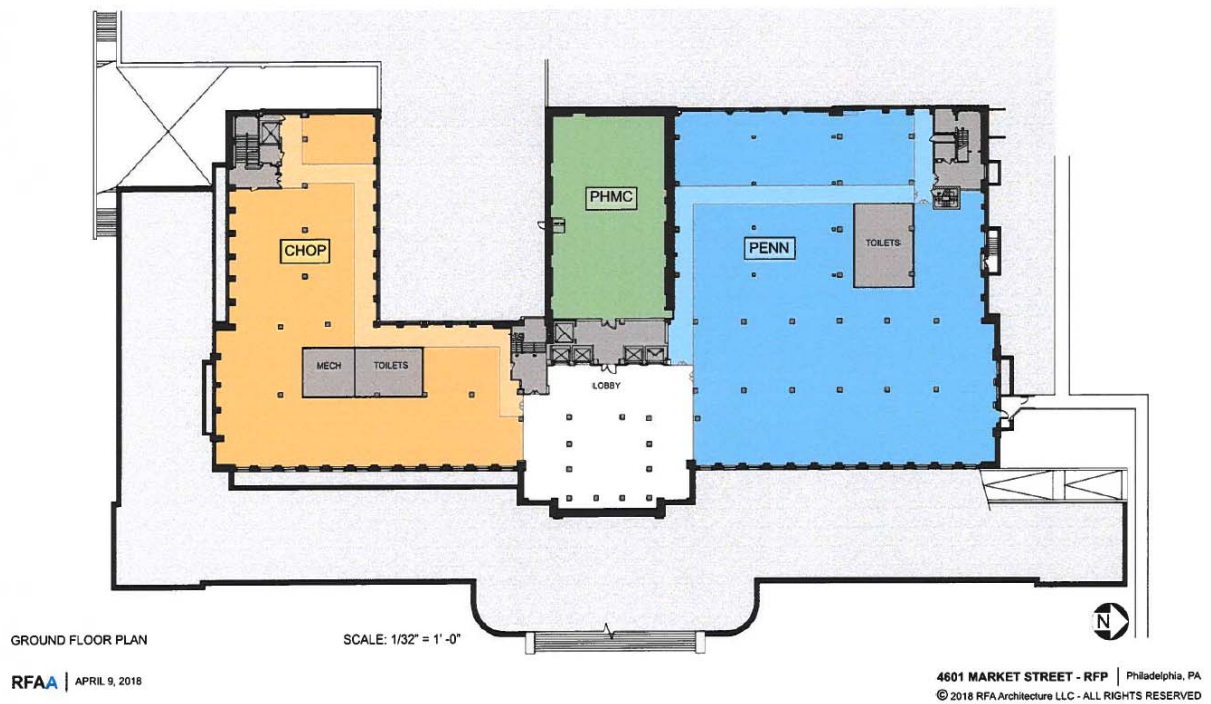
BUILDING PLAN – BASEMENT

BLOCK + STACK

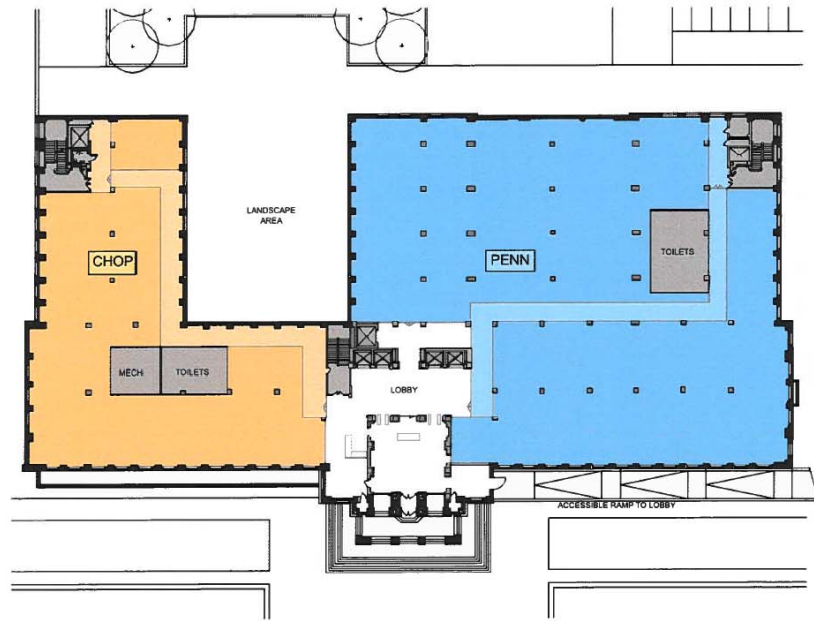


BUILDING PLAN – GROUND FLOOR

BLOCK + STACK



BUILDING PLAN – FIRST FLOOR



FIRST FLOOR PLAN

RFAA | APRIL 9, 2018

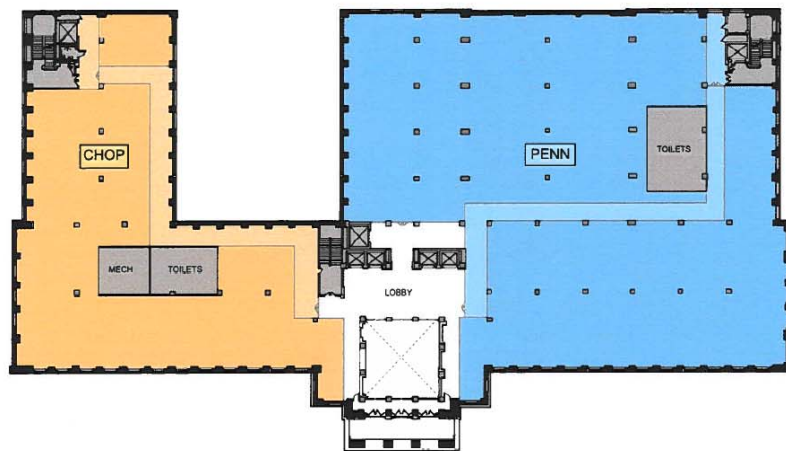
SCALE: 1/32" = 1' - 0"



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BUILDING PLAN – SECOND FLOOR

BLOCK + STACK



SECOND FLOOR PLAN

SCALE: 1/32" = 1'-0"

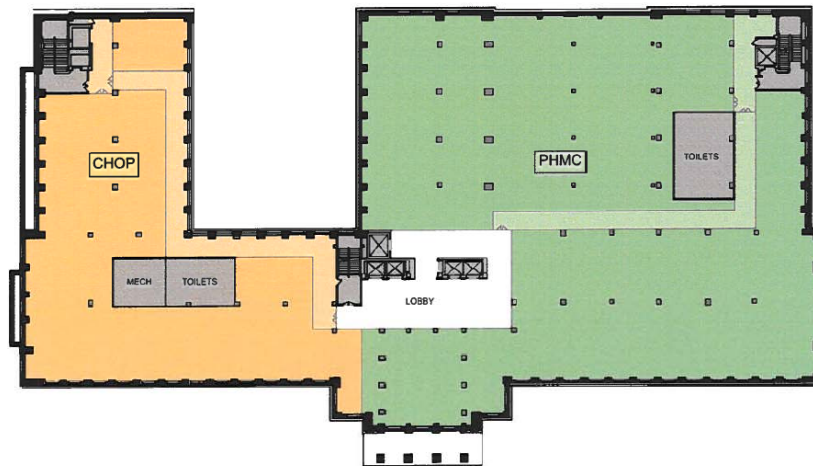
RFAA | APRIL 9, 2018



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BUILDING PLAN – THIRD FLOOR

BLOCK + STACK



THIRD FLOOR PLAN

SCALE: 1/32" = 1'-0"

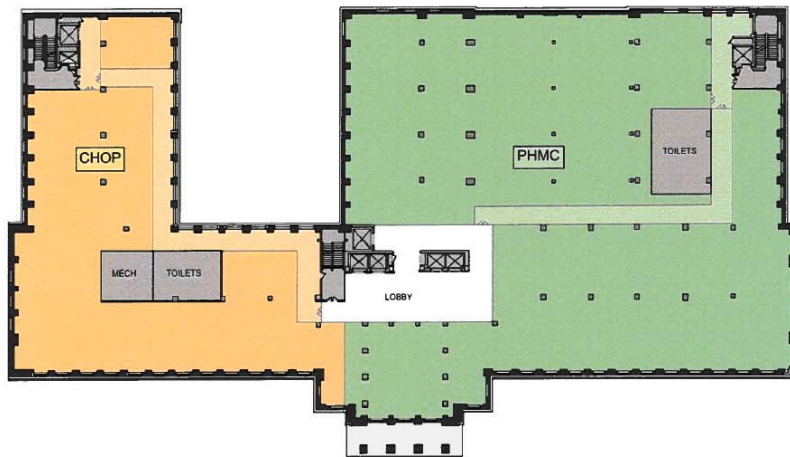
RFAA | APRIL 9, 2018



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BUILDING PLAN – FOURTH FLOOR

BLOCK + STACK



FOURTH FLOOR PLAN

SCALE: 1/32" = 1'-0"

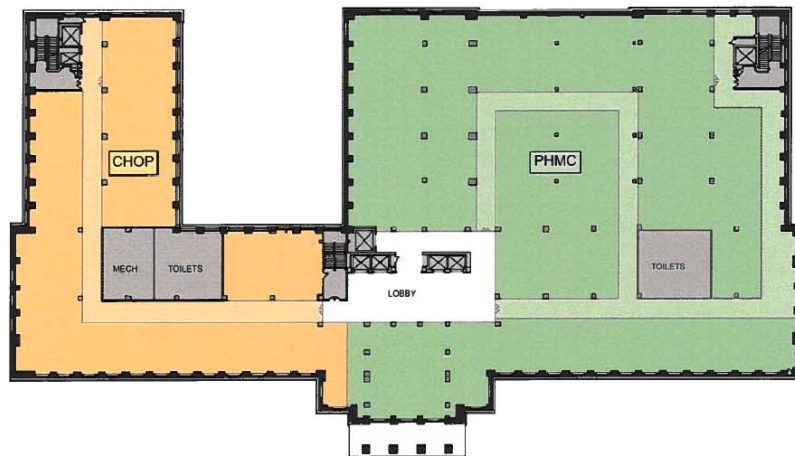


RFAA | APRIL 9, 2018

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BUILDING PLAN – FIFTH FLOOR

BLOCK + STACK



FIFTH FLOOR PLAN

SCALE: 1/32" = 1'-0"

RFAA | APRIL 9, 2018

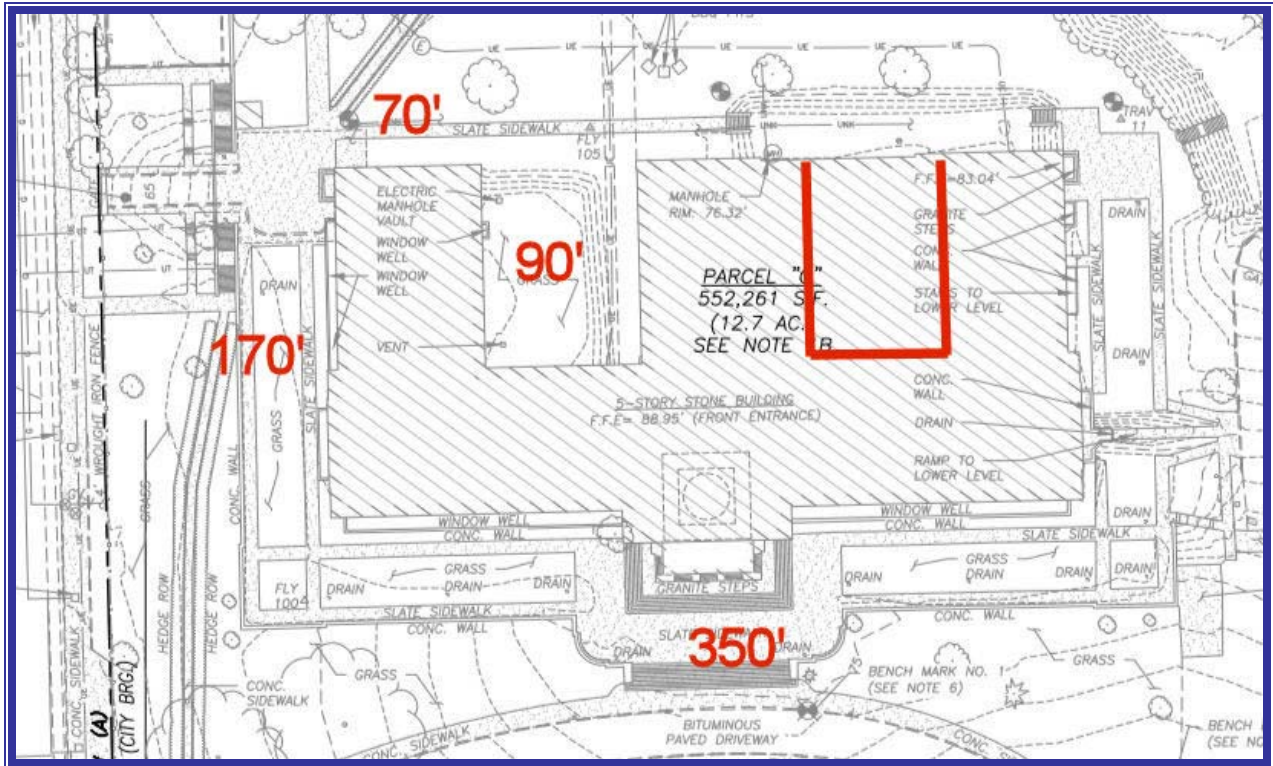


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BUILDING PLAN – CROSS SECTION

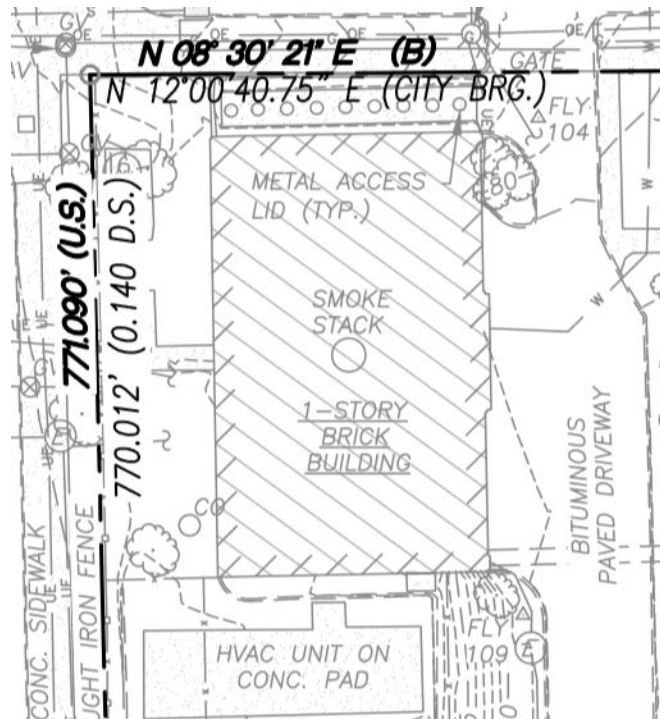


BUILDING AREAS



The building measures 350 by 170 feet, with a cutout of 70 by 90 feet. There was originally a second cutout, shown above in a red outline, that was later built out. The basement is level with Market St. and there is a tunnel that opens onto the street. The Ground Floor is illuminated by light wells along the perimeter of the building. The First Floor is reached by the front steps and the front entrance. The Fifth Floor has a lower ceiling than the other floors.

BUILDING PLAN – POWER PLANT



AERIAL VIEW – POWER PLANT



The former Power Plant building is a shell measuring containing 11,000 square feet. It is situated on the southwest corner of the site next to a gated driveway from 48th St. The building was not inspected on the interior.

IMPROVEMENTS

IMPROVEMENTS DESCRIPTION

<u>Development/Property Name</u>	<i>Former Provident Mutual Life Insurance Company Building</i>
<u>Property Type</u>	<i>Office</i>
<u>Overview</u>	<i>The main building is a six-story, 325,000 square foot masonry building plus basement that is in shell condition. The second building is a one-story, 11,000 square foot brick former power plant. Total gross building area is 336,000 square feet on 13.1 acres.</i>

GENERAL (MAIN BUILDING)

<u>Construction</u>	<i>Masonry foundation with steel frame</i>
<u>Construction Quality</u>	<i>Average</i>
<u>Year Built / Renovated</u>	<i>1929 / 2014</i>
<u>Effective Age</u>	<i>30 years</i>
<u>Remaining Economic Life</u>	<i>10 years</i>
<u>Condition</u>	<i>Fair</i>
<u>Appeal/Appearance</u>	<i>Average</i>
<u>Areas, Ratios & Numbers</u>	<i>Number of Stories: 5 plus daylight basement</i> <i>Gross Building Area: 325,000 square feet</i> <i>Basement: Yes</i> <i>Building Efficiency Ratio: 100.0%</i> <i>Land to Building Ratio: 1.76</i> <i>Building Coverage: 11.4%</i>

Floor	Square Feet
Ground	54,167
First	54,167
Second	54,167
Third	54,167
Fourth	54,167
Fifth	54,167
GBA	325,000
Basement	325,000

MAIN BUILDING

FOUNDATION, FRAME & EXTERIOR

<u>Foundation</u>	Masonry
<u>Structural Frame</u>	Masonry and steel frame
<u>Exterior</u>	Limestone clad concrete, yellow brick at the rear.
<u>Windows</u>	Newly replaced fixed pane in metal frames.
<u>Roof/Cover</u>	Flat roof / Rubber Membrane

INTERIOR

<u>Floor Cover</u>	None
<u>Walls</u>	Unfinished
<u>Ceilings & Ceiling Height</u>	Unfinished
<u>Lighting</u>	None
<u>Restrooms/ Bathrooms</u>	None / 0

MECHANICAL SYSTEMS

<u>HVAC</u>	None
<u>Cooling</u>	None
<u>Electrical</u>	Temporary service for demolition work
<u>Sprinkler</u>	None
<u>Elevator</u>	Two
<u>Plumbing</u>	None

INTERIOR FINISHES

<u>Layout/Finishes</u>	The main building is entered by monumental front steps into a lobby with stone finishes. The double elevators serve the basement and the Ground through Fifth floors. The basement is larger than the building footprint because it has portions of a rear tunnel that used to lead to a cafeteria and auditorium now demolished, and another tunnel to Market St. As a shell, the basement and upper floors are unfinished, with concrete floors and brick and concrete walls and concrete ceilings. There are columns spaced across the floors. The Fifth Floor has a 9' ceiling height and contains the motors for the elevators. There are stairwells at each rear corner of the building. There is a tower above the front entrance with a gilded cupola.
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PARKING

<u>Parking Number of Spaces</u>	NA
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PROPERTY ANALYSIS

Design & Functional Utility

The Provident Mutual Life Insurance Company building was built in 1929. The existing improvements are classical in design and layout and are situated on a campus setting. The building was partially renovated in 2014 including a new roof, removal of asbestos, removal of non-bearing interior walls and general excavation. Total hard construction rehabilitation costs were about \$100 per square foot, or \$32.5 million. These improvements have maintained the structural integrity of the building for potential redevelopment of building listed on the National Register of Historic Properties.

While in need of total renovation, the building is structurally sound. Rehabilitating the building would extend its economic life. Placement on the National Register for Historic Properties, qualifies the property for historic preservation tax credits. On a price per square foot basis, the indicated value of the building is considerably less than the cost of the 2014 renovations. This value reflects what a developer can afford to pay to make redevelopment possible, as illustrated by the shell building sales utilized in the Sales Comparison Approach.

Considering the building's good construction quality, renovations completed as well as demand for the property, demolition of the existing improvements is not a viable alternative. While no demolition estimate has been provided, at a range of \$15 to \$20 per square foot of gross building area, the cost would be \$4.8 to \$6.7 million.

The site's excess land of about 4 acres with four street frontages allows for future development. The campus setting offers the potential for a long-term community development in accordance with CMX-3 - Community Commercial and Mixed-Use District zoning which is intended to accommodate community mixed-use development, including retail and service uses. The Transit Overlay District (TDO) has development incentives for location across from the 46th Street Elevated SEPTA line. While the campus setting was suitable for office use in the past, current development in the City places a premium on large parcels that can be subdivided for complementary uses.

Deferred Maintenance

The main building is a shell with a massive structure. The power plant is a shell not inspected on the interior.

Capital Improvements

The existing improvements are in need of total renovation. Allocating 4.6 acres to the main building, 0.6 acres to the existing power plant and 3.8 acres to the parking area, or a total of 9 acres, the remaining ground to be developed totals about 4.1 acres.

Comments

The campus is one of the largest sites in the neighborhood and is next to a major elevated train station rebuilt ten years ago.

IMPROVEMENTS –AS-PROPOSED

The subject will be converted to the Public Health Campus at Provident. The existing main building, now a 325,000 sq. ft. six-story plus basement, massive shell, will be renovated and leased to the following:

Tenants Anticipated for Main Building after Renovation		
Tenant	Square Feet	Type
CHOP	50,000.	Outpatient psychiatric services
Univ. of Penn. Health Services	50,000	Family practice, behavioral health
PHMC	100,000 to 150,000	Psychiatric and family services
<u>Unleased</u>	<u>75,000 to 125,000</u>	<u>Prospective space</u>
TOTAL	325,000	

About 61% of the property may be leased based on minimum space provided.

- **A** - The 325,000 square feet main building will be renovated.
- **B** - The 11,000 sq. ft. former power plant will be renovated and then leased to Freedom Valley YMCA.
- **C** – This is an estimated parking area for 264 spaces that has 311 feet of frontage along the south side of Haverford Avenue. This area is to be used in conjunction with the existing buildings. For valuation purposes, we have estimated that this is constructed during the second year of the development.
- **D** - New two story 18,000 sq. ft. café and retail building will be constructed fronting on Market St. this site is located at the corner of Market Street and N. 46th Street.
- **E** - New five story 75,000 sq. ft. occupational training and restaurant building will be constructed fronting on N. 46th St. This will be an interior parcel. It will be adjacent to the main building's setback area.
- **F** - New six story 100,000 sq. ft. retail and office building will be constructed fronting on Market St.
- **F** - New six story 175,000 sq. ft. institutional and office building will be constructed fronting on N. 48th St. and adjacent to the Philadelphia Juvenile Justice Services Center south parking lot.

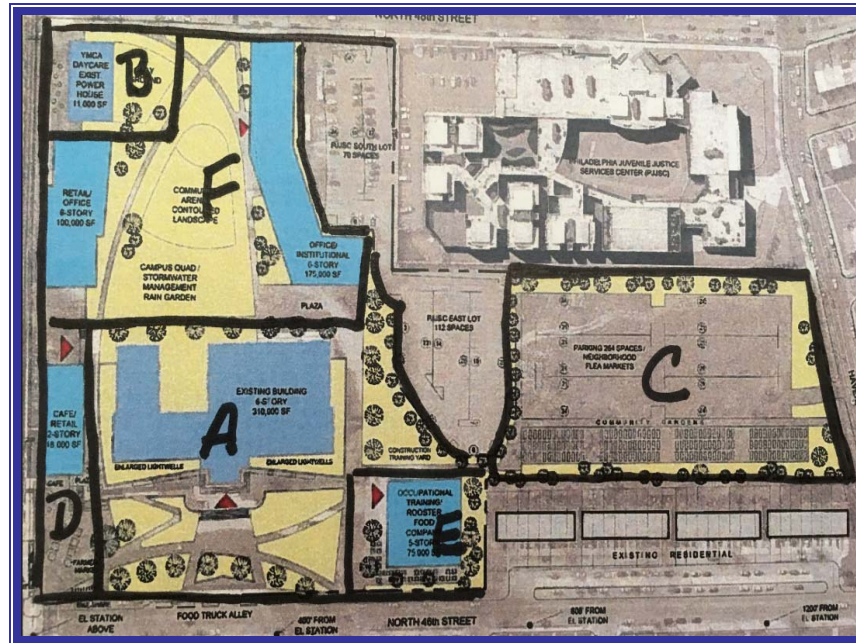
The grounds will be adapted for use as public spaces and parking.

The complex will be developed in three phases as detailed later in this section of the report.

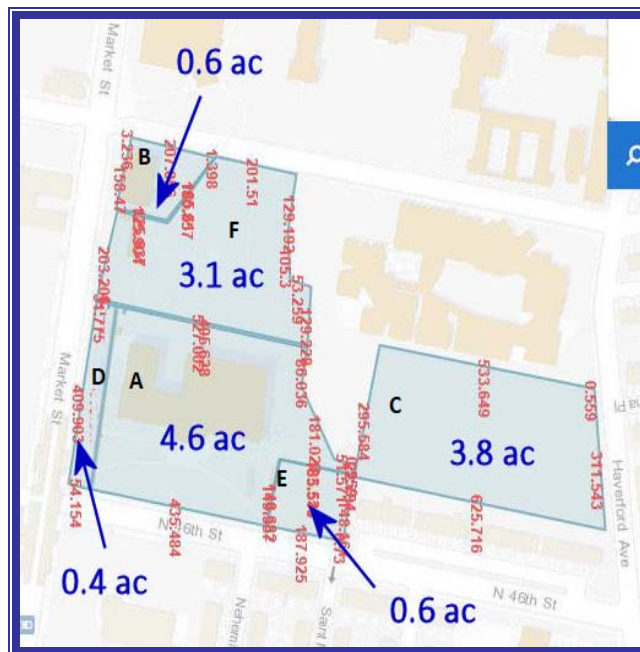
No information was provided about the interior finishes of the renovated buildings nor the interior and exterior finishes of the new buildings.

Proposed development areas are exhibited on the following page.

PROPERTY ANALYSIS

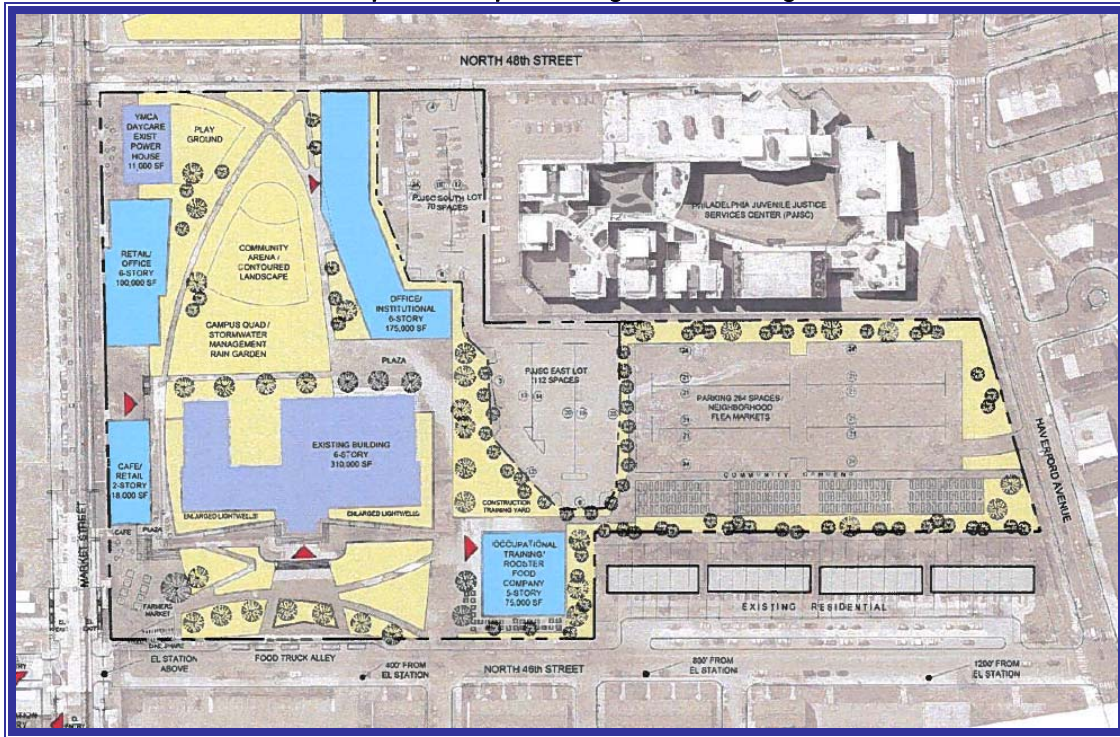


Buildings A and B are existing and will be renovated. Buildings D and E as well as two buildings on F will be new construction. Parcel C is the proposed parking area.

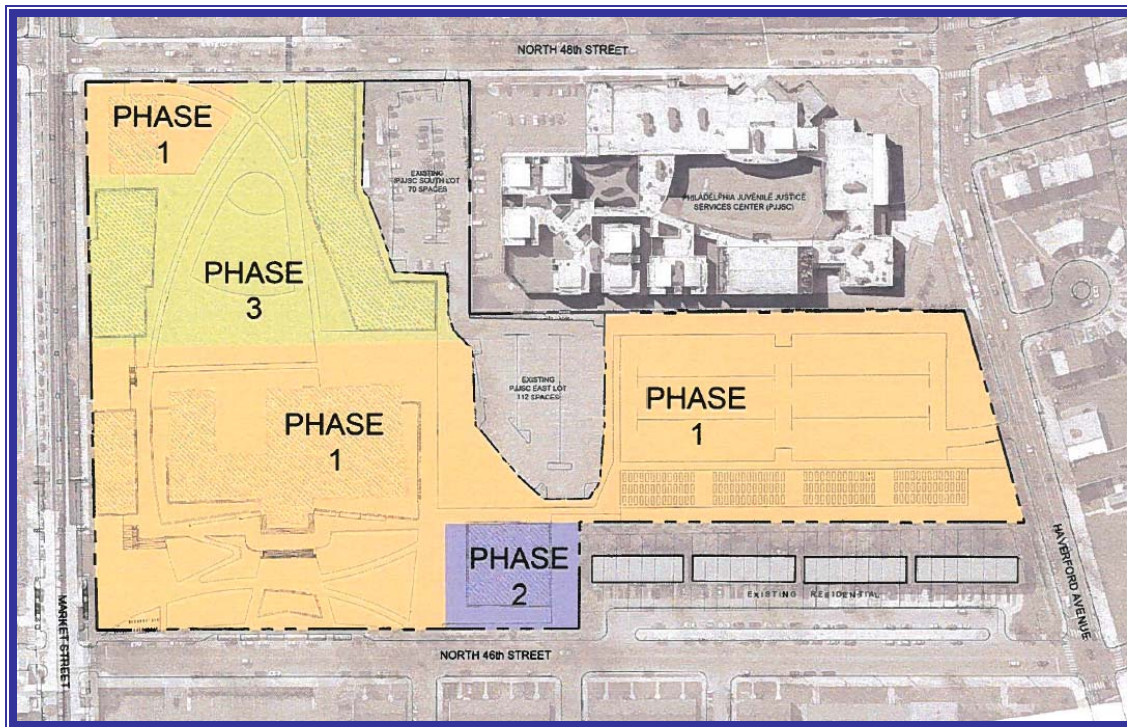


PROPOSED SUBJECT SITE

Site plan excerpt showing all six buildings



Site plan showing the three phases of the project.



DEVELOPER'S COST ESTIMATES

Ironstone Real Estate Partners
4601 Market Street
Jason Friedland

budget- sources & uses

	phase 1		phase 2		phase 3		total	
project costs								
acquisition cost	\$10,000,000	16%	\$0	0%	\$0	0%	\$10,000,000	5%
hard and soft costs	\$52,000,000	83%	\$33,750,000	96%	\$90,000,000	96%	\$175,750,000	92%
HTC costs	\$480,000	1%	\$0	0%	\$0	0%	\$480,000	0%
NMTC costs	\$0	0%	\$1,390,000	4%	\$3,710,000	4%	\$5,100,000	3%
total project cost	\$62,480,000	100%	\$35,140,000	100%	\$93,710,000	100%	\$191,330,000	100%
project financing								
equity	\$6,248,000	10%	\$3,514,000	10%	\$9,371,000	10%	\$19,133,000	10%
mezzanine	\$15,620,000	25%	\$8,785,000	25%	\$23,427,500	25%	\$47,832,500	25%
grants	\$0	0%	\$0	0%	\$0	0%	\$0	0%
HTC	\$8,020,000	13%	\$0	0%	\$0	0%	\$8,020,000	4%
NMTC	\$0	0%	\$9,290,000	26%	\$24,770,000	26%	\$34,060,000	18%
senior debt	\$32,592,000	52%	\$13,551,000	39%	\$36,141,500	39%	\$82,284,500	43%
total project financing	\$62,480,000	100%	\$35,140,000	100%	\$93,710,000	100%	\$191,330,000	100%

This model and figures contained herein are estimates for discussion purposes only. Preparer makes no warranties, express or implied, as to the accuracy of the information or the reliability of the model or formulas contained herein; user/investor is responsible for verifying the information and bears risk for any inaccuracies.

DEVELOPER'S SCHEDULE

Phase One Milestones

CONVEYANCE SCHEDULE

<u>Milestone</u>	<u>Date</u>
Response to RFP Submission	May 24, 2018
Awarding of Project	July 30, 2018
Execution of Agreement of Sale	August 30, 2018
Closing on the Property	January 30, 2019
Due Diligence Site Investigation Period	Prior to January 1, 2019
Securing Any Government Approvals Required	None Required
Securing Financing Commitments	None Required
Schematic Design	September 30, 2018
Design Development Plans	October 30, 2019
Construction Drawings	November 30, 2019
Ground Breaking	March 15, 2019
Project Completion	March 15, 2020

Phase Two and Three Milestones

SECOND AND THIRD PHASE SCHEDULE (SPECULATIVE AND SUBJECT TO CHANGE)

Milestone	Date
Closing on the Property	January 30, 2019
Second Phase	
Securing Tenants	March 15, 2021
Schematic Design	September 30, 2021
Design Development Plans	December 31, 2021
Construction Drawings	March 30, 2022
Ground Breaking	June 1, 2022
Project Completion	September 1, 2023
Third Phase	
Securing Tenants	March 15, 2023
Schematic Design	September 30, 2023
Design Development Plans	December 31, 2023
Construction Drawings	March 30, 2024
Ground Breaking	June 1, 2024
Project Completion	September 1, 2025

PROPOSED DEVELOPER'S SCHEDULE

PROPOSED DEVELOPER'S SCHEDULE - 4301 MARKET STREET*								
PHASE	DATE	MILESTONE	DESCRIPTION	EXISTING/ SQUARE FEET	PROPOSED/ SQUARE FEET	TOTAL/ SQUARE FEET	COST ESTIMATE	COST/ SQUARE FOOT
Phase 1	1/30/2019	Closing on the property	Renovation of the existing building and parking lot, development of daycare/YMCA facility and construction of a two-story retail facility on the northwest corner of 46 th and Market Street across from the 46 th and Market Street.	325,000	18,000	354,000	\$62,480,000	\$176.50
	3/15/2020	Projection completion		11,000				
Phase 2	3/15/2021	Securing tenants	Construction of a five-story occupational training facility on the northside of the existing office building on the westside of N. 46 th Street.		75,000	75,000	\$35,140,000	\$468.53
	9/1/2023	Project completion						
Phase 3	3/15/2023	Securing tenants	Construction of a six-story 100,000 square foot office building off of N. Market Street and construction of a 175,000 square foot office building on the eastside of N. 48th Street		100,000	275,000	\$93,710,000	\$340.76
	9/1/2025	Projection completion			175,000			
6.6 years								
Project Totals				336,000	368,000	704,000	\$191,330,000	\$271.78
* Based on material provided to PIDC by developer. Schedule, timing and cost estimates are for discussion purposes. Cost estimates for each phase and per square foot overall estimates have been compiled by E. H. Lynn & Associates.								

The table above gives the components of the project and the phases in which it will be built as presented by developer and compiled by [E. H. Lynn & Associates](#). This development schedule will be considered in estimating the value of the subject property.

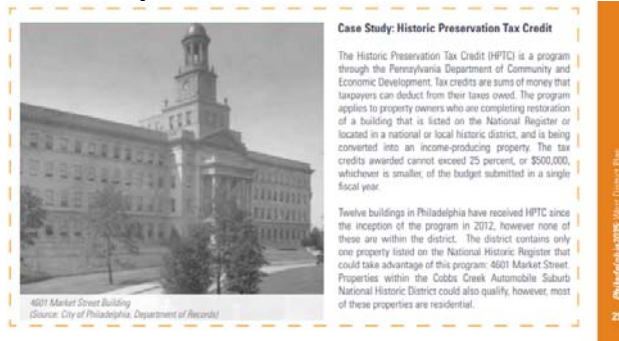
ASSESSMENT / TAXES

REAL ESTATE ASSESSMENT AND TAXES	
<i>Taxing Authority</i>	<i>Philadelphia</i>
<i>Assessment Year</i>	<i>2019</i>
ASSESSED VALUES	
<i>Tax Identification Number</i>	<i>774608200</i>
<i>Land Assessed Value</i>	<i>\$12,682,300</i>
	<i>\$93,003,500</i>
<i>Other Property Assessed Value</i>	<i>\$0</i>
<i>Total Assessed Value</i>	<i>\$105,685,800</i>
Totals	
<i>Total Land Assessed Value</i>	<i>\$12,682,300</i>
<i>Total Building Assessed Value</i>	<i>\$93,003,500</i>
<i>Total Other Assessed Value</i>	<i>\$0</i>
<i>Total Assessment</i>	<i>\$105,685,800</i>
<i>Total Assessment per GBA</i>	<i>\$325.19</i>
Rates, Taxes, More	
<i>Combined Tax Rate</i>	<i>\$0.014572</i>
<i>Total Tax Amount/ Taxes Per SF</i>	<i>\$1,540,053 / \$4.58</i>
<i>Assessment Ratio/ Implied Value</i>	<i>99.01% / \$106,742,551.</i>
<i>Property Tax Comments</i>	<i>The implied assessed value is above market value. While the property is currently tax exempt, a prospective buyer should make a tax assessment appeal.</i>

OWNERSHIP AND OCCUPANCY

A summary of the Ownership and Occupancy history of the subject property is included below. See Addendum for deed, public records and city records.

- *Provident Mutual Insurance Company moved out in 1983. The building was built for the company in 1929. It was situated on 20.4 acres.*
- *The property was listed on the National Historic Register and could take advantage of the Historic Preservation Tax Credit created by the 1986 law.*



- *The former 20.04-acre property was reduced in size by 5 acres (that were previously transferred from the seller to the City of Philadelphia in 2004) for development with the Philadelphia Juvenile Justice Services Center.*
- *The subject sold from the Urban Education Development Research and Retreat Center to PAID for \$3 on May 2, 2009 as recorded in deed 5211-2088.*
- *After the 2009 sale, the City planned to use the site for police headquarters. It spent a reported \$50.5 million on the site in preparation for that use. That included \$13 million for gutting the interior of the building, environmental remediation (asbestos), demolition of the old auditorium and cafeteria, and electrical work. \$11 million was spent on the roof, including the gilded cupola, and the façade. \$18 million was spent on design work for the proposed reuse. The plan for reuse as police HQ was abandoned in 2017.*
- *The subject sold from the Philadelphia Authority for Industrial Development to the City of Philadelphia, acting by and through the Department of Public Property, on May 21, 2014 for \$4,000,000, as recorded in deed 5279-8726.*
- *On July 22, 2014 a demolition permit was issued for "demolition-interior non-load bearing walls. Status is listed as completed.*
- *There have been no other sales in the last three years.*
- *There was a request for development proposals issued by the City of Philadelphia in 2017 and Iron Stone submitted a response on November 1, 2017. Iron Stone was awarded the development opportunity. They plan to close on the purchase in January 2019, and develop in three phases through the year 2025.*
- *The 15.04-acre site includes two parking lots used by the Philadelphia Juvenile Justice Services Center. Those two parking lots are not part of the subject property. They will not be part of the Iron Stone development, and they are not included in the appraisal. The site as appraised is 13.01 acres.*

ZONING AND OTHER LAND USE CONTROLS

Zoning Code	CMX-3 - Community Commercial and Mixed-Use District
Zoning Description	CMX-3 - Community Commercial and Mixed-Use District
Permitted Uses	Uses permitted as of right: Household Living; Group Living; Recreation; Day Care; Educational Facilities; Fraternal Organization; Hospital; Libraries and Cultural Exhibits; Religious Assembly; Safety Services; Transit Station; Utilities and Services, Basic; Wireless Service Facility; Office; Building Supplies and Equipment; Consumer Goods (except Drug Paraphernalia and Guns); Food, Beverage, and Groceries; Pets and Pet Supplies; Sundries, Pharmaceuticals, and Convenient Sales; Wearing Apparel and Accessories; Animal Services; Assembly and Entertainment (except Amusement Arcade, Casino, and Pool or Billiards Room); Building Services; Business Support; Eating and Drinking Establishment; Financial Services (except Personal Credit Establishments); Funeral and Mortuary Services; Maintenance and Repair of Consumer Goods; Structured Parking; Personal Services (except Body Art Services); Radio, Television, and Recording Services; Visitor Accommodations; Personal Vehicle Repair Sales and Rental; Personal Vehicle Repair and Maintenance; Gasoline Station; Vehicle Equipment and Supplies Sales and Rental; Moving and Storage Facilities; Artist Studios and Artisan Industrial; Research and Development; Community Garden; Market or Community-Supported Farm
Uses requiring special exception approval	Uses requiring special exception approval: Surface Parking, Utilities and Service, Assembly and Entertainment, and Vehicular Fueling
Prohibited Uses	Drug Paraphernalia Sales, Gun Shop, Amusement Arcade, Casino, Nighclus and Private Clubs, Pool or Billiards Room, Animal Boarding and Other Services, Personal Credit Establishment, Body Art Service, Commercial Vehicle Sales and Rental, Moving and Storage Facilities, and Wholesale Sales and Distribution.
Current Use Legally Conforming	Legally conforming
Zoning Density/FAR	500%; up to an additional 300% with bonuses for Mixed-Income Housing and Green Buildings
Maximum Occupied Area	Intermediate: 75% Corner: 80%
Minimum Front Yard (Feet)	N/A
Side Yard Distance (Feet)	8 ft. if used for building w/ dwelling units
Rear Yard Distance (Feet)	N/A
Zoning Comments	CMX-3 zoning permits a range of commercial and mixed use commercail residential use. Residential use includes both single-family and multi-family uses. Additionally, zoning bonuses up to 300% are permitted for Mixed-Income Housing and for Green Buildings. A special exception is required for surface parking. Part of the site is governed by the Transit Oriented Development Overlay District (TOD) which extends 500 ft. from the 46th St. elevated train station. The overlay requires that any newbuilding be built to street level, as opposed to being set back on an elevated site. The district is intended to promote the use of public transit and to create developments that are pedestrian friendly and depend less on the use of cars.

ZONING MAP

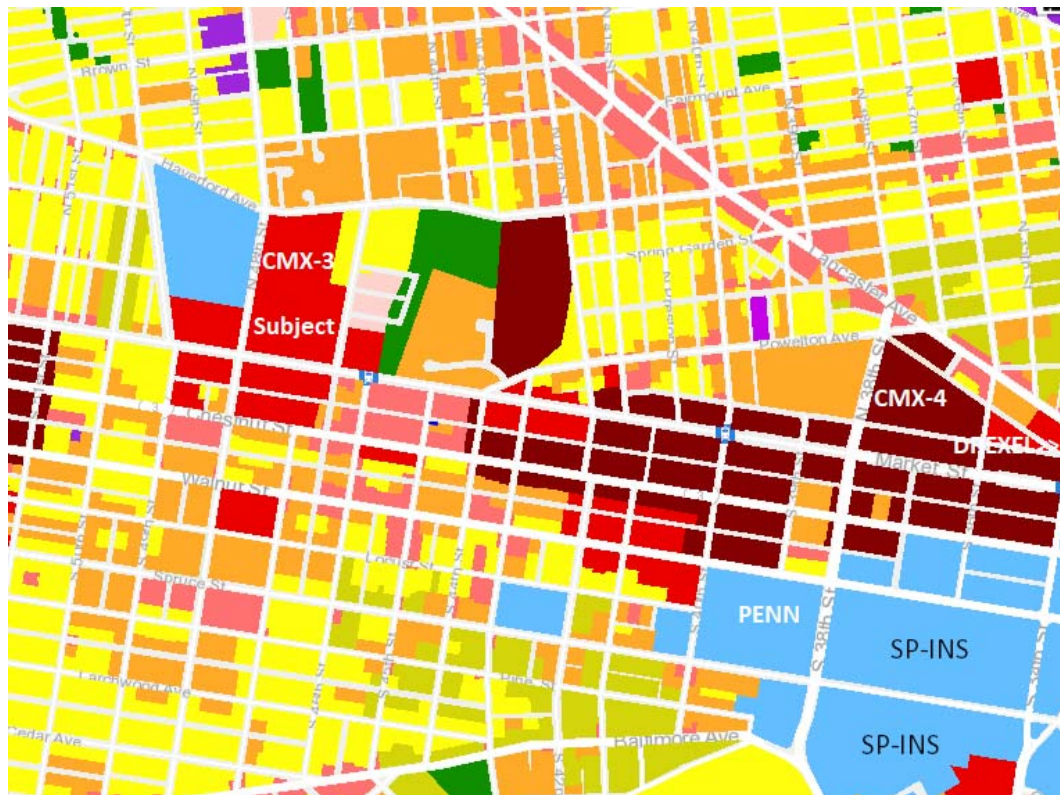
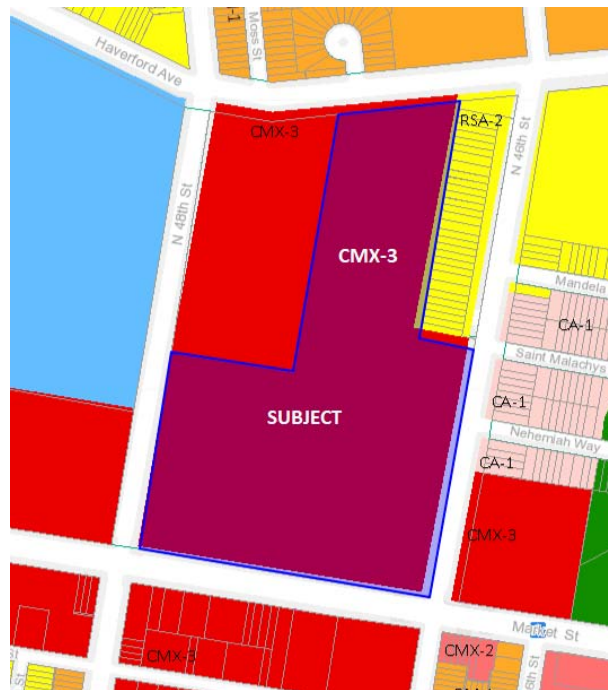


Table 14-602-2: Uses Allowed in Commercial Districts

	Y = Yes permitted as of right S = Special exception approval required N = Not allowed (expressly prohibited) Uses not listed in this table are prohibited.	CMX-3	CMX-4	CMX-5	USE SPECIFIC STANDARDS
Residential Use Category	Household Living (as noted below)				
	Single-Family	Y	N	N	
	Two-Family	Y	N	N	
	Multi-Family	Y	Y	Y	
	Group Living (except as noted below)	Y	Y	Y	
	Personal Care Home	Y	Y	Y	14-603 (11)
	Single-Room Residence	Y	Y	Y	
Parks and Open Spaces Use Category	Passive Recreation	Y	Y	Y	
	Active Recreation	Y	Y	Y	
Public, Civic, and Institutional Use Category	Day Care (as noted below)				
	Family Day Care	Y	Y	Y	14-603 (5)
	Group Day Care	Y	Y	Y	14-603 (5)
	Day Care Center	Y	Y	Y	14-603 (5)
	Educational Facilities	Y	Y	Y	
	Fraternal Organization	Y	Y	Y	
	Hospital	Y	Y	Y	
	Libraries and Cultural Exhibits	Y	Y	Y	
	Religious Assembly	Y	Y	Y	
	Safety Services	Y	Y	Y	
	Transit Station	Y	Y	Y	
	Utilities and Services, Basic	S	S	S	
	Wireless Service Facility (as noted below)				
	Freestanding Tower	Y	Y	Y	14-603 (16)
	Building or Tower-Mounted Antenna	Y	Y	Y	14-603 (17)
Office Use Category	Business and Professional	Y	Y	Y	
	Medical, Dental, Health Practitioner (as noted below)				
	Sole Practitioner	Y	Y	Y	
	Group Practitioner	Y	Y	Y	
	Government	Y	Y	Y	
Retail Sales Use Category	Building Supplies and Equipment	Y	Y	Y	14-603 (3)
	Consumer Goods (except as noted below)	Y	Y	Y	
	Drug Paraphernalia Sales	N	N	N	14-603 (13)
	Gun Shop	N	N	N	14-603 (13)
	Food, Beverages, and Groceries	Y	Y	Y	14-603 (7)
	Pets and Pet Supplies	Y	Y	Y	
	Sundries, Pharmaceuticals, Convenience Sales	Y	Y	Y	
	Wearing Apparel and Accessories	Y	Y	Y	
Commercial Services Use Category	Animal Services (except as noted below)	Y	Y	Y	
	Boarding and Other Services	N	N	N	14-603 (14)
	Assembly and Entertainment	S	Y	Y	
	Amusement Arcade	N	N	N	14-603 (13)
	Casino	N	N	N	
	Nightclubs and Private Clubs	S	Y	Y	14-603 (18)
	Pool or Billiards Room	N	N	N	14-603 (13)
	Building Services	Y	Y	Y	
	Business Support	Y	Y	Y	
	Eating and Drinking Establishments (as noted below)				
	Prepared Food Shop	Y	Y	Y	
	Take-Out Restaurant	Y	Y	Y	14-603 (6)
	Sit Down Restaurant	Y	Y	Y	
	Financial Services (except as noted below)	Y	Y	Y	
	Personal Credit Establishment	N	N	N	14-603 (13)
	Funeral and Mortuary Services	Y	Y	Y	
	Maintenance & Repair of Consumer Goods (except as noted below)	Y	Y	Y	
	On-Premise Dry Cleaning	Y	Y	Y	
	Marina	Y	Y	Y	
	Parking, Non-Accessory (as noted below)				
	Surface Parking	S	N	N	14-603 (10)
	Structured Parking	Y	(6)	(6)	14-603 (10)
	Personal Services (except as noted below)	Y	Y	Y	
	Body Art Service	N	N	N	14-603 (2)(13)
	Fortune Telling Service	Y	Y	Y	
	Radio, Television, and Recording Services	Y	Y	Y	
	Visitor Accommodations	Y	Y	Y	
	Commissaries and Catering Services	Y	Y	Y	
Vehicle and Vehicular Equipment Sales and Services Use Category	Commercial Vehicle Sales and Rental	N	N	N	
	Personal Vehicle Repair and Maintenance	Y	Y	Y	
	Personal Vehicle Sales and Rental	Y	Y	Y	
	Vehicle Fueling Station	S	N	N	14-603 (8)
	Vehicle Equipment and Supplies Sales and Rental	Y	Y	Y	
Wholesale, Distribution, and Storage	Moving and Storage Facilities	N	N	N	
	Wholesale Sales and Distribution	N	N	N	14-603 (1)
Industrial Use Category	Artist Studios and Artisan Industrial	Y	Y	Y	
	Research and Development	Y	Y	Y	
Urban Agriculture Use Category	Community Garden	Y	Y	Y	14-603 (15)
	Market or Community-Supported Farm	Y	N	N	14-603 (15)

CMX-3

Description: Community commercial and residential mixed use

Uses permitted as of right: Household Living; Group Living; Recreation; Day Care; Educational Facilities; Fraternal Organization; Hospital; Libraries and Cultural Exhibits; Religious Assembly; Safety Services; Transit Station; Utilities and Services, Basic; Wireless Service Facility; Office; Building Supplies and Equipment; Consumer Goods (except Drug Paraphernalia and Guns); Food, Beverage, and Groceries; Pets and Pet Supplies; Sundries, Pharmaceuticals, and Convenient Sales; Wearing Apparel and Accessories; Animal Services; Assembly and Entertainment (except Amusement Arcade, Casino, and Pool or Billiards Room); Building Services; Business Support; Eating and Drinking Establishment; Financial Services (except Personal Credit Establishments); Funeral and Mortuary Services; Maintenance and Repair of Consumer Goods; Structured Parking; Personal Services (except Body Art Services); Radio, Television, and Recording Services; Visitor Accommodations; Personal Vehicle Repair Sales and Rental; Personal Vehicle Repair and Maintenance; Gasoline Station; Vehicle Equipment and Supplies Sales and Rental; Moving and Storage Facilities; Artist Studios and Artisan Industrial; Research and Development; Community Garden; Market or Community-Supported Farm

Uses requiring special exception approval: Surface Parking



Max. Occupied Area	Intermediate: 75% Corner: 80%
Min. Front Yard Depth	NA
Min. Side Yard Width	8 ft. if used for building w/ dwelling units
Min. Rear Yard Depth	NA
Max. FAR	500%; up to an additional 300% with bonuses

TOD OVERLAY DISTRICT

In section 14-513 of the Philadelphia Zoning Code there is a description of the Transit-Oriented Development Overlay District (TOD). The district is intended to promote the use of public transit and to create developments that are pedestrian friendly and depend less on the use of cars.

The elevated train station at 46th and Market is specified in the Code as the center of a TOD district. Any development within 500 feet of the station is governed by the overlay. A portion of the subject is within 500 feet.

- Structured parking is permitted in CMX-3, but in the TOD overlay, non-accessory parking garages require a special exception.*
- The TOD overlay permits higher buildings, but CMX-3 already allows a FAR of 500, and up to 800 as a bonus for green buildings and mixed income housing.*
- The overlay requires that the ground floor of a new building must be retail, commercial, or office in use, as opposed to residential.*
- The overlay requires that any new building be built to street level, as opposed to being set back on an elevated site.*
- The overlay permits a developer to create fewer parking spaces than zoning would ordinarily allow.*

PART III:

DATA, ANALYSIS AND CONCLUSIONS

HIGHEST AND BEST USE

Highest and Best Use is defined as

“The reasonably, probable, and legal use of vacant land or an improved property which is physically possible, appropriately supported, financing feasible, and that results in the highest value”.

Highest and best use is usually determined under two different premises, as if the site was vacant and could be improved in the optimal manner; and as improved. In the latter premise, the choices will be to keep the existing building, modify it, or to demolish the building and construct one that would fulfill the highest and best use of the site. In general, it is not feasible to demolish an existing building as long as it contributes value above that of the vacant site.

The land residual concept of economics is directly related to highest and best use assuming the site is vacant. Land value is equal to the portion of property income remaining after payments are made for labor, capital and coordination.

Also implied in this definition, in addition to wealth maximization of individual property ownership, is recognition of the contribution of that specific use to the community environment and development goals.

As-Improved

Highest and Best Use is defined as the most profitable and likely legal use to which the property as improved is adapted or capable of being used.

Legally Permissible

The first consideration is what is legally permissible according to zoning and other land use controls as well as the local government entity.

- CMX-3 zoning permits a range of commercial and mixed use commercial residential use. Residential use includes both single-family and multi-family uses. Additionally, zoning bonuses up to 300% are permitted for Mixed-Income Housing and for Green Buildings. A special exception is required for surface parking. Part of the site is governed by the Transit Oriented Development Overlay District (TOD) which extends 500 ft. from the 46th St. elevated train station. The overlay requires that any new building be built to street level, as opposed to being set back on an elevated site. The district is intended to promote the use of public transit and to create developments that are pedestrian friendly and depend less on the use of cars.
- Additional consideration is also given to the fact that the City of Philadelphia has issued a Request for Proposals for the development of the site and based on the proposal considers the best use. In this instance, after considering all the proposals, greatest weight is being given to a commercial office/services/ retail use.

Physically Possible

The characteristics of the subject property determine what is physically possible for the Highest and Best Use. In analyzing the As-Improved Highest and Best Use, consideration is given to the whether the existing improvements add value to the property, should be altered or should be demolished.

- The main building is a six-story, 325,000 square foot masonry building plus basement that is in shell condition. The second building is a one-story, 11,000 square foot brick former power plant. Total gross building area is 336,000 square feet on 13.1 acres.

- The Provident Mutual Life Insurance Company building was built in 1929. The existing improvements are classical in design and layout and are situated on a campus setting. The building was partially renovated in 2014 including a new roof, removal of asbestos, removal of non-bearing interior walls and general excavation. Total hard construction rehabilitation costs were about \$100 per square foot, or \$32.5 million. These improvements have maintained the structural integrity of the building for potential redevelopment of building listed on the National Register of Historic Properties.
- The excess land includes four parcels which are proposed for 368,000 square feet of area in two to six story buildings.
- Considering the layout and design of the main building as well as renovations completed, the use of the main building for office use is very feasible. Non-load bearing interior walls have been removed as well as asbestos and a roof added. The renovation of the 11,000 square feet power plant to office/retail use such as daycare is also a feasible use.
- Another possible use is residential single-family and/or multi-family use in conjunction with commercial use. This could exist on various portions of the site that are identified as excess land, or the plan could be revised to use a portion of the site for parking for residential use.
- While residential use is a possibility, office/retail development for institutional users is more complementary to the surrounding uses.
- The subject is a large property for an urban area. The large office campus previously used by Provident Mutual Life Insurance Company is not the most maximally productive use. Typically developers are dividing up large parcels and adding value. Examples are reviewed in the Income Approach and include the development of Falls Center at the former MCP Hospital, the development of Northeastern Hospital, New Market West and the Iron Stone proposal for the subject property.
 - The 700,000 square foot Falls Center is now a mixed-use property that includes such institutional tenants as Eastern University, Einstein Hospital and Elwyn. It also includes retail space and 131 apartments.
 - The redevelopment of Northeastern Hospital campus into four segments is reviewed in the Sales Comparison Approach as Sale No. 3. In 2014, Northeastern sold for \$14 million and included a 203,952 square feet main building, a 29,130 square foot office building and two parcels of ground. Since then the main building was sold for \$9.579 million and the smaller building for \$1.6 million. Two additional land parcels, a 10.61 acre/787 space parking lot and a 2.33 acre parcel have been retained for future use.
 - The development of New Market West at 59th and Market Street into a four story community services and retail complex.
 - The subject site is large enough to be redeveloped into numerous parcels over an extended period of time.

Financially Feasible

Based on what is legally permissible and physically possible, consideration is given to the financially feasible uses:

- Legally permissible uses include commercial or mixed-use commercial and residential use. Zoning favors commercial developments with street frontage that use public transportation, that include Green Buildings or Mixed-Income Housing.

- The subject is on the National Register of Historic Properties and can benefit from Historical Preservation Tax Credits under the 1986 and 2017 federal tax laws.
- Not considered in this analysis is a mixed-use commercial residential development based on the plan provided to us. While new development has been occurring in all parts of the city, the subject area has lower rental and sales prices as noted in our comparison of residential differences between the adjacent zip code of 19104 and the subject zip code of 19139.
- Two different developments are likely for the subject: medical/social/community services and multifamily. A medical/social/community campus is the current plan by the developer, Iron Stone. An example of such a development that has already broken ground is New Market, a four story, 135,700 sq. ft. medical services center at 59th and Market by Mission First (Sue McPhedran) and Horizon House (Jeff Wilush). It is intended to serve members of the West Philadelphia community that are low income or uninsured. The neighborhoods west of 46th St. and north of Market St. are low income. An institutional use of the subject is consistent with the surroundings, which include a Children's Hospital facility, the Kirkbride campus, and the Philadelphia Juvenile Justice Services Center as well as schools and churches.
- A multifamily development would be consistent with new apartment developments at 44th and Ludlow and 4312 Market St., among others, and with the growth of University City to the south and east of the subject. Two multi-million square foot projects at Schuylkill Yards and at uCity by Drexel University will create more demand for housing for employees and students. Apartments at the subject would be accessible by the elevated train and by walking. While new development has been spreading westward from Center City, the subject while located adjacent to the 46th Street Station is further west than new developments and further from the University City area.
- The subject is positioned between affluent and growing University City and poorer, more static neighborhoods in West Philadelphia. It is on the line between zip codes 19104 and 19139. It is also on the edge of the University City district. It is very close to Drexel University athletic fields and development spreading west.
- The financial feasibility of the two opposing developments is based on projected rents for medical service tenants versus apartment rents. According to Sue McPhedran, New Market has executed leases for three floors of tenants at \$20 per sq. ft. triple net. According to our survey of apartment rents, one bedroom apartments in 19104 rent for \$1.95 per sq. ft. per month. An apartment development on the subject would be a new, modern building with amenities.

	19104		19139	
	Rent	Rent/SF	Rent	Rent/SF
Studio	\$763	\$1.75	\$750	
1 BR	\$1,078	\$1.95	\$781	\$0.66
2 BR	\$1,360	\$1.71	\$946	\$1.07
3 BR	\$1,813	\$1.16	\$1,092	\$1.01
4 BR	\$1,846	\$0.87	\$1,400	\$1.18

- Below is an analysis of net operating income for each development on a per square foot basis. A medical tenant rent of \$20 per sq. ft. NNN and an apartment rent of \$1.80 per sq. ft. per month, were projected.

	Medical Services		Multifamily
<i>Base Rent per Sq. Ft.</i>	\$20.00		\$21.60
<i>Operating Expenses per Sq. Ft.</i>		<i>Reimbursed</i>	
<i>Taxes</i>	\$0.00	*	\$0.50
<i>Insurance</i>	\$0.50	*	\$0.50
<i>Water and Sewer</i>	\$0.30	*	\$0.30
<i>Maintenance</i>	\$1.00	*	\$1.00
<i>Management Fee</i>	\$1.00		\$1.00
<i>Reserves for Replacements</i>	\$0.30		\$0.30
<i>Total not Reimbursed</i>	\$1.30		\$3.60
<i>Net Operating Income per Sq. Ft.</i>	\$18.70		\$18.00

- The base rent for multifamily is \$21.60 per sq. ft. per year, which is \$1.80 times 12. Operating expenses for the medical use would be reimbursed by the tenant to the landlord, including taxes (if any), insurance, water and sewer, and maintenance. The landlord's costs would be management and reserves. The NOI from a medical use would be \$18.70 per sq. ft.
- The operating expenses for multifamily use would be paid by the landlord. Taxes would remain low, assuming a ten year tax abatement. The NOI for the apartment landlord would be \$18.00 per sq. ft. The two NOI figures are very close, with a slight difference favoring medical uses.
- In comparing the feasibility of such uses, no in-depth study has been completed. This is only a cursory testing of the market. In depth studies would require architectural plans, proformas and cost estimates. What these studies do show, is that if the market proceeded west as has been the trend, the subject site offers the potential for higher end development. The feasibility tests above show that there is the potential for either development or for a combined development.

Maximally Productive

The highest and best use as improved is for a use consistent with CMX-3 zoning and the Transit Development Overlay (TDO) including conversion of the existing buildings and development of the surrounding excess ground to a Community Services Office/Retail complex.

As-Improved Conclusion

The highest and best use as improved is for a use consistent with CMX-3 zoning and the Transit Development Overlay (TDO) including conversion of the existing buildings and development of the surrounding excess ground to a Community Services Office/Retail complex.

As-Vacant

Legally Permissible

The first consideration is what is legally permissible according to zoning and other land use controls as well as the local government entity.

- *The subject is zoned CMX-3 - Community Commercial and Mixed-Use District. CMX-3 zoning permits a range of residential and commercial uses, and mixed use. Part of the site is governed by the Transit Oriented Development Overlay District (TOD) which extends 500 ft. from the 46th St. elevated train station.*
- *Legally permissible uses include commercial or mixed-use commercial and residential use. Zoning favors commercial developments with street frontage, that use public transportation, that include Green Buildings or Mixed-Income Housing.*

Physically Possible

In considering, what the Highest and Best Use of the site should be, what is physically possible is most important.

- *The site is located on the north side of Market St. between N. 46th and N. 48th Sts. It is irregular in outline and extends to Haverford Ave. on the North.*
- *The site contains 13.10 acres.*
- *The site has two major corners on Market Street on the northwest corner of N. 46th Street and on the northeast corner of N. 48th Street. The site has 770 feet of frontage on Market Street, 681 feet on the westside of N. 46th Street, 417 feet of frontage on the eastside of N. 48th Street and 310 feet of frontage on the southside of Haverford Avenue. Market Street is 100 foot wide two way street with the Market-Frankford Elevated line running overhead and the 46th Street Station located across from the subject. The remaining frontages of N. 46th Street, N. 48th Street and Haverford Avenue are 80 foot wide and are two way streets.*
- *For an urban development, the site is extremely large, it has great frontage and accessibility.*

Financially Feasible

The subject could be successful as either a medical services campus or a multifamily project. Medical services is favored slightly by our analysis of Net Operating Income.

Maximally Productive

The highest and best use as improved is for a use consistent with CMX-3 zoning and the Transit Development Overlay (TDO) including mixed commercial use with retail, office, community facilities and potentially residential single-family or multi-family development.

As-Vacant Conclusion

The highest and best use as improved is for a use consistent with CMX-3 zoning and the Transit Development Overlay (TDO) including mixed commercial use with retail, office, community facilities and potentially residential single-family or multi-family development.

Highest and Best Use Summary

As-Improved Conclusion

The highest and best use as improved is for a use consistent with CMX-3 zoning and the Transit Development Overlay (TDO) including conversion of the existing buildings and development of the surrounding excess ground to a Community Services Office/Retail complex.

As-Vacant Conclusion

The highest and best use as improved is for a use consistent with CMX-3 zoning and the Transit Development Overlay (TDO) including mixed commercial use with retail, office, community facilities and potentially residential single-family or multi-family development.

Most Likely Buyer

The most likely buyer is a developer.

VALUATION METHODOLOGY

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

Cost Approach

The Cost Approach is summarized as follows:

$$\begin{array}{r} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ = \text{Value} \end{array}$$

Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analyses Applied

A cost analysis was considered and was not developed since the Cost Approach is not the typical way in which a purchaser would estimate value for the subject property.

A sales comparison analysis was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type. The sales comparison approach was utilized to estimate the value of the existing improvements with supporting land. Additionally, the sales comparison approach was utilized to estimate land excess land value.

An income analysis was considered and was developed since by utilization of the Development Approach. In estimating the value of the subject property, the existing improvements with surrounding land area and the parking area for the existing building were developed by considering large building sales in similar condition as well as land sales for the parking area. The excess ground for potential development was estimated by considering the value of the individual land parcels for future

development. Utilizing the Development Approach, a combination of the Sales Comparison Approach and the Income Approach, these land values were discounted for future sellout (development) over the development period.

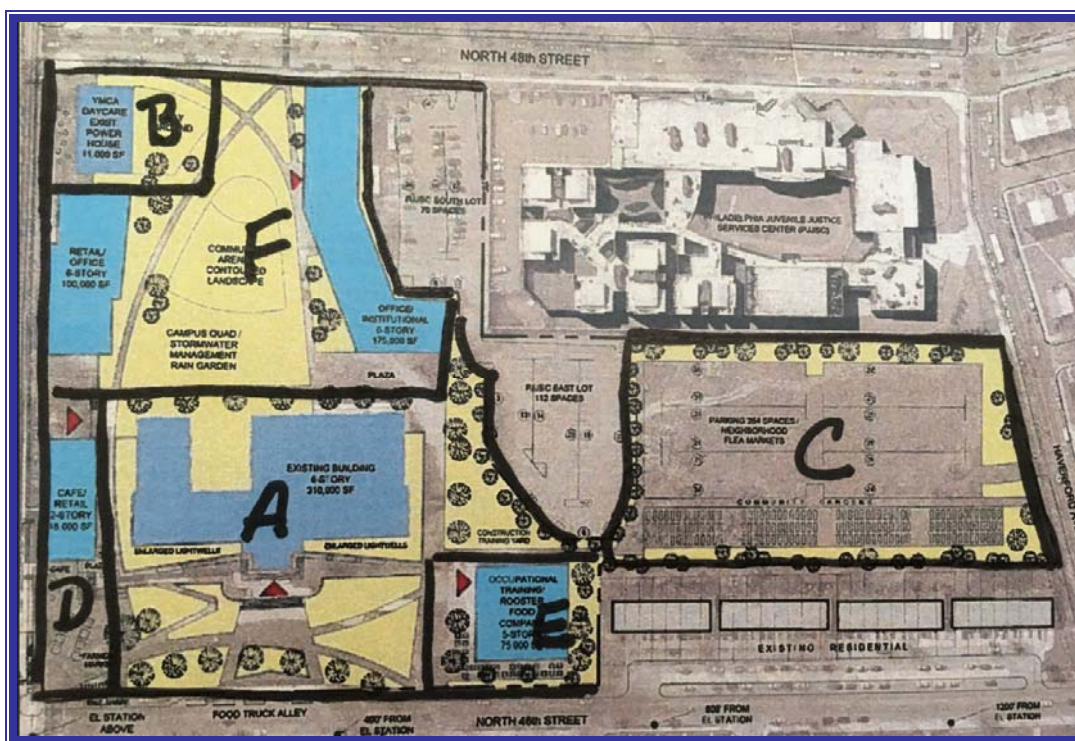
The Sales Comparison Approach is utilized to estimate the value of the following segments of the subject property:

Building Value - Existing

- **A / B** – Existing Building including main office building and power plant - 336,000 square feet on 5.2 acres or 226,512 square feet of land

*Land Values for Proposed Buildings**

- **C** – Land area for parking – 3.8 acres or 165,528 square feet of land
- **D** – Land area for proposed 18,000 square foot two-story retail building - 0.4 acres or 17,424 square feet of land
- **E** – Land area for proposed 75,000 square foot five story occupational training building – 0.60 acres or 26,136 square feet of land
- **F** – Land area for proposed 100,000 square foot six story office building and 175,000 square foot six story office building – 3.1 acres or 135,036 square feet of land



*Land area estimated for analysis purpose and were not provided by client developer.

VALUATION – PART I

***FORMER PROVIDENT MUTUAL INSURANCE COMPANY
BUILDING AND POWER PLANT (PARCELS A/B)***

SALES COMPARISON APPROACH – EXISTING BUILDINGS

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- *The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.*
- *The most pertinent data is further analyzed and the quality of the transaction is determined.*
- *The most meaningful unit of value for the subject property is determined.*
- *Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.*
- *The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.*

SALES SUMMARY

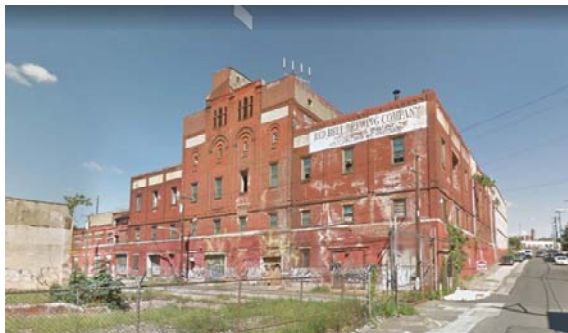
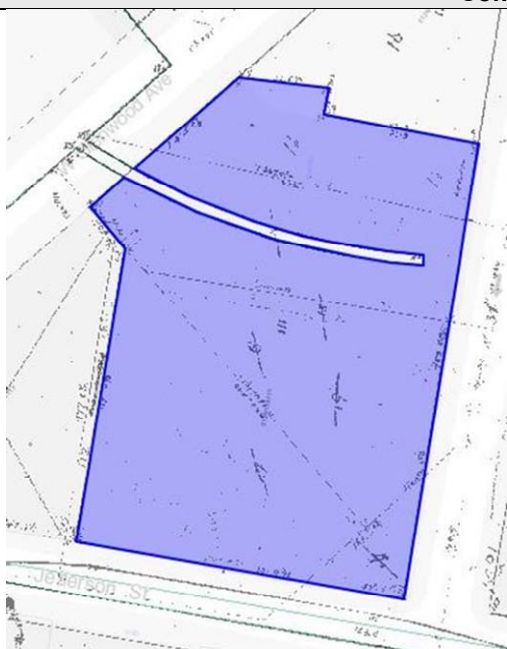
We have researched seven comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

- *The Sales Comparison Approach estimates the value of the existing office building and power plant as a total of 336,000 square feet including the former Provident Mutual Office building with 325,000 square feet and the former power plant with 11,000 square feet.*
- *Sales ranged in size from 152,494 square feet to 382,444 square feet compared to the subject 336,000 square feet.*
- *Sales utilized were the best available. There is a scarcity of large building sales in similar shell condition, particularly in the subject area. Only Sale No. 4 was located in West Philadelphia.*
- *All of the sales have been purchased for mixed residential commercial use or for residential use. There is a scarcity of similar sized buildings purchased for office use in a comparable location.*
- *While the subject is located in a changing neighborhood, it does not have the premier location of some of the sales located in areas of high demand.*

SALES SUMMARY

Comparable	Address	Price	Zoning	Land SF	Transaction Type	Proposed Use
	Zip	Date	GBA	Price Per SF	Name	Remarks
Subject	4601 Market Street		CMX-3 - Community	226,512 (Allocated)	Appraisal	
	19139	6/7/18	336,000		Former Provident Mutual Life Insurance Company Building	
1	1500-36 N. 31st Street	\$4,120,000	RMX-2	72,355	Closed	Mixed-Use
	19121	1/25/18	202,175	\$20.38	Red Bell Brewery	
2	525 N. 11th Street	\$5,000,000	IRMX	27,443	Closed	Multi-family
	19123	11/19/15	152,494	\$32.79	Independence Press	
3	2301 E. Allegheny Avenue	\$9,579,000	CMX-3	143,315	Closed	Existing Healthcare
	19134	12/29/17	203,952	\$46.97	Northeastern Hospital	
4	4700 Walnut Street	\$5,100,000	CMX-3	206,039	Closed	Mixed-Use
	19139	2/19/15	382,444	\$13.34	Former West Philadelphia H.S.	
5	1401-25 N. 5th Street	\$3,900,000	CMX-3	22,651	Closed	Multi-Family
	19122	1/21/15	178,000	\$21.91	The Umbrella Building	

Comparable 1



Transaction

ID	4030	Date	1/25/18
Name	Red Bell Brewery	Price	\$4,120,000
Address	1500-36 N. 31st Street	Price Per SF	\$20.38
City	Philadelphia	Tax ID	884101300 & 884219205
State	PA	Days on Market	Unknown
Zip	19121	Financing	\$3,721,513 / Brandford Allen
Tax ID	884101300 & 884219205	Verification Source	Broker / Public Records
Grantor	Brew eryton Investment LLC	Conditions of Sale	Normal
Grantee	MM Poth Brewery, LLC	Document Number	5332-2329

Site

Road Frontage	440'	Depth	360'
Land SF	72,355	Zoning	RMX-2
Acres	1.66	Land Unit Approved or	Unapproved
View	Corner		

Improvements & Financial Data

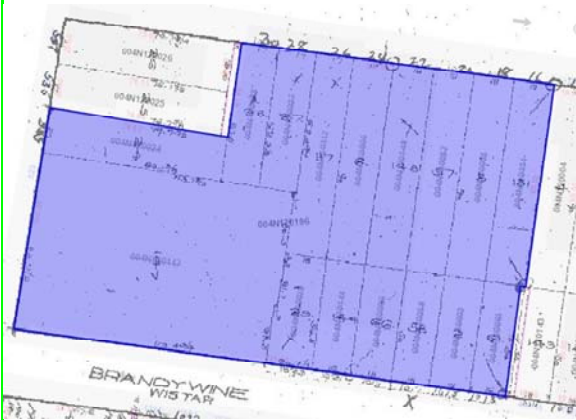
GBA	202,175	Condition	Poor
Land/Building Ratio	0.36	Proposed Use	Mixed-Use
Year Built	1870	Fire Protection	None
Occupancy	Zero Percent	Parking	See Narrative

Notes

Former F. A. Poth Brewing Company/Bell Brewery in Brew erytown purchased for mixed- use. The multistory building was built in 1870 and contains two parcels 1500-1536 N. 31st Street and 3123-3145 W. Jefferson Street.

The site received final approvals on 8/16/2018 for a mixed-use development with 133 dwelling units, commercial space, accessory parking within the structure including 41 parking spaces . Parking includes 2 accessible spaces including 1 van, 4 preferential spaces, 3 electric vehicle spaces, 2 loading spaces and 64 bicycle spaces. Brew erytown is located generally between the Schuylkill River on the west and N. 25th Street on the east and between CB Moore on the north and Parrish Street on the south.

Comparable 2



Transaction

ID	4031	Date	11/19/15
Name	Independence Press	Price	\$5,000,000
Address	525 N. 11th Street	Price Per SF	\$32.79
City	Philadelphia	Tax ID	881068050
State	PA	Days on Market	Unknown
Zip	19123	Financing	Unknown
Tax ID	881068050	Verification Source	Broker/ Representative/
Grantor	Independence Press LLC	Conditions of Sale	Normal
Grantee	PA Ridge Associates	Document Number	5299-3529

Site

Road Frontage	100.04'	Depth	221'
Land SF	27,443	Zoning	IRMV
Acres	0.63	Land Unit Approved or Zoned	Approved
View	Corner/ Fair visibility		

Improvements & Financial Data

GBA	152,494	Condition	Fair/Average
Land/Building Ratio	0.18	Proposed Use	Multi-family
Year Built	1917	Fire Protection	None
Occupancy		Parking	67

Notes

Former Independence Press building on northeast corner of N. 11th Street and Brandywine Street, one block north of Spring Garden Street in the Spring Arts Point or Callow hill neighborhood in North Philadelphia.

Originally the Schoettle Building, a cardboard box factory, it was occupied by the press in the 1970's. Long vacant, developers have planned apartment conversions for over 10 years. The property was first listed in 2011 for \$7,150,000 and was approved for 92 units with 92 off car parking spaces. Property sold in 2014 at auction for \$3.1 million. In 2010, the property has interior renovation work completed and asbestos removed at an estimated cost of \$1 million.

The owner plans 92 loft apartments and indoor parking. The property was rezoned in 2017. Of the 92 units, 50 are 1BR 846 SF units; 30 are 2BR 1,449 SF units; and, 12 are 3BR 1,600 SF units. Average unit size will be 1,141 SF.

Comparable 3



Transaction

ID	4033	Date	12/29/17
Name	Northeastern Hospital	Price	\$9,579,000
Address	2301 E. Allegheny Avenue	Price Per SF	\$46.97
City	Philadelphia	Tax ID	883376890
State	PA	Days on Market	Unknown
Zip	19134	Financing	Unknown
Tax ID	883376890	Verification Source	Deed / Broker / Public
Grantor	CRP Builders	Conditions of Sale	Normal
Grantee	J. B. Richards Construction	Document Number	5331-1308

Site

Road Frontage	241.66'	Depth	680.57'
Land SF	143,315	Zoning	CMX-3
Acres	3.29	Land Unit Approved or	Approved
View	Double Corner / Good		

Improvements & Financial Data

GBA	203,952	Condition	Good
Land/Building Ratio	0.70	Proposed Use	Existing Healthcare
Year Built	1920	Fire Protection	Yes
Occupancy	67%	Parking	100

Notes

This is the sale of a portion of the multi-property sale of Northeastern Hospital in 2016. The former sale included the main building, a smaller office building and two additional parking areas. The 2017 sale included the main building with parking for approximately 100 cars.

The site is irregular in shape with 241.66' on E. Allegheny Avenue, 461' on Tulip Street, 31' on E. Westmoreland Street and 680.6' on Memphis Street. E. Allegheny Avenue is a 170' wide, two-way street with parking on both sides. The 2017 average daily traffic count was 12,729 vehicles. The property was built in 1914 and renovated in 2011. Occupancy in 2017 was 67.3%.

In 2016, 2301 E. Allegheny Avenue, 2201 E. Allegheny and 2202-2214 E. Allegheny sold for \$14,000,000: 2301 E. Allegheny contains 273,125 square feet of gross building area and 238,072 square feet of net rentable area on 3.29 acres; 2201 E. Allegheny, a parking lot, contained 10.61 acres for 787 spaces; and, 2202-2214 E. Allegheny contained 2.33 acres. The latter two land parcels were marketed for big box retail. Total acreage was 16.94. This sale included the 7-story office building at 3261-3285 Tulip Street. The 2016 allocated price for 2301 E. Allegheny was \$7,757,525, occupancy was 60.8% and the property was on the market for 639 days.

The 2017 sale does not include 3261-3285 Tulip Street behind the main building. This is a 7-story newer office building containing 29,130 square feet of building on about 15,000 square feet of land which sold for \$1,700,000 in 12/2017 after selling for \$1,600,000 in 6/2017.

Comparable 4



Transaction			
ID	4040	Date	2/19/15
Name	Former West Philadelphia	Price	\$5,100,000
Address	4700 Walnut Street	Price Per SF	\$13.34
City	Philadelphia	Tax ID	783567000
State	PA	Days on Market	1100
Zip	19139	Financing	Unknown
Tax ID	783567000	Verification Source	Broker/Deed/Public Records
Grantor	School District Of Philadelphia	Conditions of Sale	Redevelopment Project
Grantee	WPHS Venture Partners, LLC	Document Number	52884503
Site			
Road Frontage	139'	Depth	109'
Land SF	206,039	Zoning	CMX-3
Acres	4.73	Land Unit Approved or Zoned	Unapproved
View	Two Corner / High Visibility		
Improvements & Financial Data			
GBA	382,444	Condition	Poor
Land/Building Ratio	0.54	Proposed Use	Mixed-Use
Year Built	1911	Fire Protection	Wet system
Occupancy	Zero Percent	Parking	75

Notes

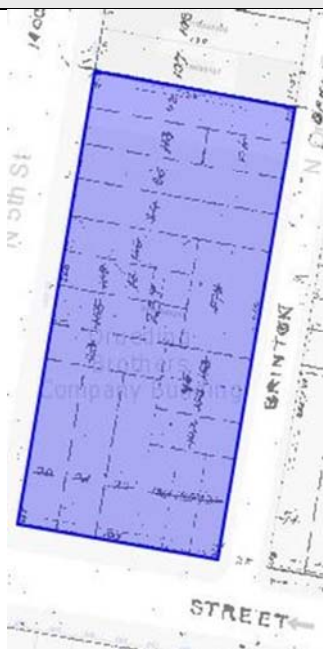
This is the sale of the former West Philadelphia High School that was purchased for conversion to apartments. It is an elevator served four-story masonry building plus basement with 61 classrooms, kitchen, gymnasium, and auditorium.

Site contains 4.73 acres and is one city block square, with 530' of frontage along the south and north sides of Walnut and Locust Streets and 388' feet of frontage along the west and east sides of S. 47th and S. 48th Streets. Walnut Street is a four-lane, one-way westbound street while Locust Street is a two-lane, one-way east bound street. The 2017 average daily traffic count was 13,262 vehicles. Parking is located along front and two rear corners, estimated at 75 cars.

The building was vacated in 2011. Windows were replaced in 2007. Property placed on National Register of Historic Places in 1988. Asking price was \$6.5 million, indicating a 22% selling discount. Reportedly, the purchase price involved a negotiated property tax assessment.

Developed by Andrew of Strong Place Partners, plans as of summer 2018 include 258 market rate apartments known as West Lofts with studio units renting for \$995 and three-bedroom bi-level units renting for \$2,430. The auditorium will be converted into co-working space and a coffee shop; the gym, a fitness center; and, the heating room, a communal center.

Comparable 5



Transaction

ID	4042	Date	1/21/15
Name	The Umbrella Building	Price	\$3,900,000
Address	1401-25 N. 5th Street	Price Per SF	\$21.91
City	Philadelphia	Tax ID	884589320
State	PA	Days on Market	Unknown
Zip	19122	Financing	Unknown
Tax ID	884589320	Verification Source	Deed/Public Records
Grantor	Liberty Property Associates	Conditions of Sale	Normal
Grantee	Umbrella Factory Lp	Document Number	52874866

Site

Road Frontage	226'	Depth	100'
Land SF	22,651	Zoning	CMX-3
Acres	0.52	Land Unit Approved or Zoned	Unapproved
View	Corner		

Improvements & Financial Data

GBA	178,000	Condition	Poor
Land/Building Ratio	0.13	Proposed Use	Multi-Family
Year Built	1909	Fire Protection	None
Occupancy		Parking	

Notes

This nine story building located at 5th and Master Streets is the former Umbrella building which includes 1401-1425 N. 5th Street; 1333-1335 N. 5 Street and 1327-1331 N. 5th Street.

Gross building area is estimated at 190,276 and net rentable area is estimated at 178,000 square feet. The property was constructed in 1909 and renovated in 2005. In 2006, the building was supposed to be converted to 141 condominium units but plans were dropped after the 2008 recession.

A use approval for 174 apartments as well as retail space was issued in October of 2015. As of summer 2018, 172 units were planned with asking rents of \$1,315 for studios; \$1,590 for a 1BR; and, \$1,895 for a 2BR.

SALES COMPARISON APPROACH GRID

Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5	
Name	Former Provident Mutual Life Insurance	Red Bell Brewery		Independence Press		Northeastern Hospital		Former West Philadelphia H.S.		The Umbrella Building	
Address	4601 Market Street	1500-36 N. 31st Street		525 N. 11th Street		2301 E. Allegheny Street		4700 Walnut Street		1401-25 N. 5th Street	
Zip	19139	19121		19123		19134		19139		19122	
Date		1/25/2018		11/19/2015		12/29/2017		2/19/2015		1/21/2015	
Price		\$4,120,000		\$5,000,000		\$9,579,000		\$5,100,000		\$3,900,000	
GBA	336,000	202,175		152,494		203,952		382,444		178,000	
GBA Unit Price		\$20.38		\$32.79		\$46.97		\$13.34		\$21.91	
Transaction Adjustments											
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Burdened Fee	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional		0.0%	Unknown	0.0%	Unknown	0.0%	Unknown	0.0%	Unknown	0.0%
Conditions of Sale	Cash	Normal	0.0%	Normal	0.0%	Normal	0.0%	Redevelopment Project	0.0%	Normal	0.0%
Adjusted GBA Unit Price		\$20.38		\$32.79		\$46.97		\$13.34		\$21.91	
Location	Fair/Average	Good		Good		Average		Average/Good		Average/Good	
% Adjustment		-20%		-20%		-10%		-15%		-15%	
GBA	336,000	202,175		152,494		203,952		382,444		178,000	
% Adjustment		-5%		-5%		-5%		10%		-5%	
Condition	Fair	Poor		Fair/Average		Good		Poor		Poor	
% Adjustment	Basement	-10%		-25%		-50%		-10%		-10%	
Land/Building Ratio		0.36		0.18		0.70		0.54		0.13	
% Adjustment	0.67	5%		10%		0%		0%		10%	
Land Unit Approved or Zoned		Unapproved		Approved		Approved		Unapproved		Unapproved	
% Adjustment		0%		-25%		-25%		0%		0%	
Fire Protection	Yes	None		None		Yes		Wet system		None	
% Adjustment		2%		2%		0%		0%		2%	
Adjusted GBA Unit Price		\$14.67		\$12.13		\$4.70		\$11.33		\$17.97	

SALES COMPARISON APPROACH – ADJUSTMENT PROCESS

Sale Adjustments

In the adjustment process, transactional adjustments are made first. This includes property rights, financing, conditions of sale and expenditures made immediately after sale. The remaining adjustments include location, physical characteristics and economic characteristics.

Transactional Adjustments

Property Rights

No adjustments necessary.

Financing

No adjustments necessary.

Conditions of Sale

No adjustments necessary.

Financing

No adjustments necessary

Market Conditions

No adjustments necessary.

Property Adjustments

The remaining adjustments include location, physical characteristics and economic characteristics. In addition to location, adjustments for physical characteristics were necessary for gross building area, condition, land/building ratio, and fire protection. Adjustments for economic characteristics included approvals.

Location

The subject is located in West Philadelphia adjacent to the University City District and to zip code 19104. Both of these areas are superior to the subject. While the city has seen extensive mixed-use and multi-family development in recent years, the immediate subject area has not experienced extensive development or redevelopment. All of the comparable sales are in superior areas.

- *Sale No. 1 is located in Brewerytown.*
- *Sale No. 2 is located in the Spring Arts / Callowhill area.*
- *Sale No. 3 is slightly superior on a more visible street on E. Allegheny Avenue with higher traffic flow.*
- *Sale No. 4 has a superior visibility and higher traffic count at 47th and Walnut Street.*
- *Sale No. 5 is also a slightly superior in location.*

Gross Building Area

Generally, smaller sized parcels sell for a higher unit rate, thereby requiring a downward adjustment. On the other hand, larger properties often sell for a lower unit rate, thereby requiring an upward adjustment. Sale Nos. 1, 2, 3 and 5 are smaller and were adjusted downward while Sale No. 4 was larger and was adjusted upward.

Condition

The subject is a shell that has been cleared out, has had asbestos removed and has a new roof and refinished dome. It is considered to be in fair condition. Sale Nos. 1, 4 and 5 were in poor condition. Sale No. 2 was in fair/average condition. Like the subject, work has been completed on this property. Sale No. 3 was an operating building. In addition to the overall condition of the subject, we have also considered that the water issue in the basement must be corrected. This is considered in the overall downward adjustments for condition that have been applied to all of the comparable sales.

Land/Building Ratio

The subject land to building ratio as part of the whole site is 1.76 to 1 (or 13.10 acres x 43,560 square feet or 570,636 divided by the total building area of 336,000 or 1.76 to 1.0. In estimating the value of the subject's main building and power plant of 336,000, the land area is considered to be 5.2 acres or 226,512 square feet equal to 0.67. Sale Nos. 1, 2 and 5 were adjusted upward for lower land to building ratio.

Fire Protection

The subject and Sale No. 4 are sprinklered. The remaining sales were adjusted upward for lack of sprinkler.

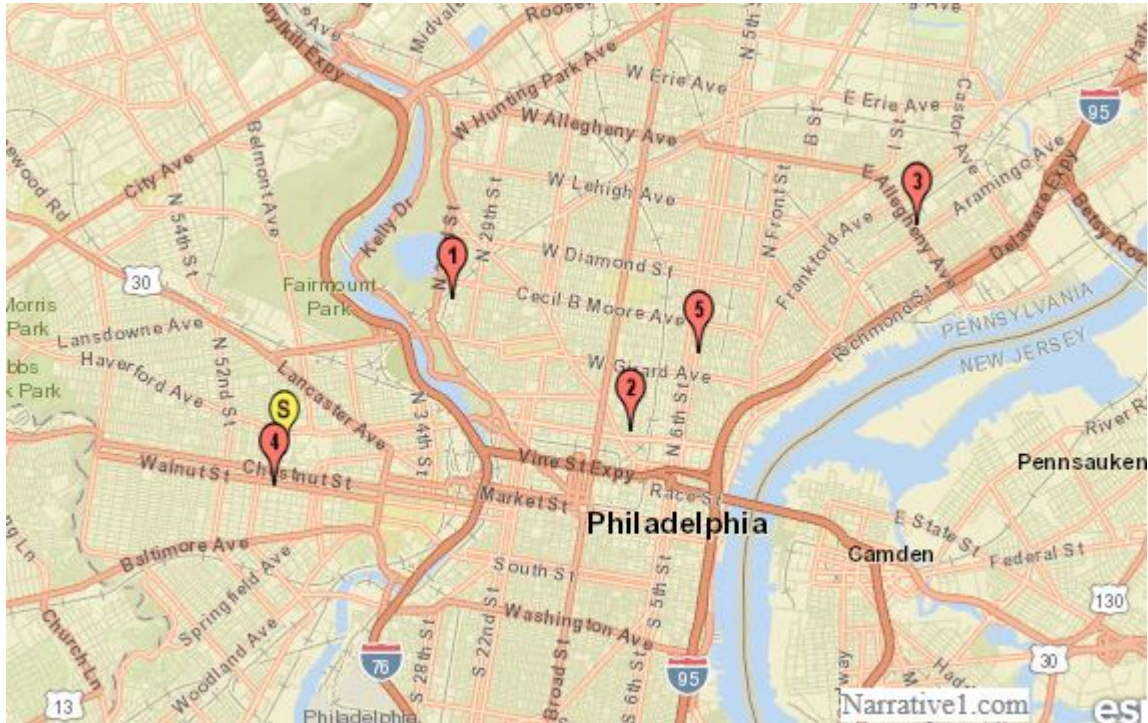
Approved

The subject is unapproved. A downward adjustment has been made to those sales with approvals.

Summary of Adjustments

Exhibited on the following page is the Sales Comparison Approach adjustment grid for building sales. Qualitative adjustments attempt to mirror the market. These adjustments are based on market research for the subject property as well as a data bank of sales, discussions with market participants, experience in the subject marketplace and overall judgement.

COMPARABLE SALES MAP - EXISTING BUILDINGS



SALES COMPARISON APPROACH CONCLUSION – EXISTING IMPROVEMENTS

The adjusted values of the comparable properties range from \$4.70 to \$17.97 ; the average is \$12.16.

All sales were considered in arriving at the final value. Greatest weight was given to Sale No. 4 located in West Philadelphia but with consideration for the other sales in arriving at our final reconciled per square foot value of \$12.00

<i>As Is Market Value</i>	
<i>Indicated Value per square foot:</i>	<i>\$12.00</i>
<i>Subject Size square foot:</i>	<i>336,000</i>
<i>Indicated Value:</i>	<i>\$4,032,000</i>
<i>Final Value:</i>	<i>\$4,000,000</i>
<i>FOUR MILLION DOLLARS</i>	

VALUATION – PART II
LAND – C, D, E, F

SALES COMPARISON APPROACH –VACANT LAND

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- *The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.*
- *The most pertinent data is further analyzed and the quality of the transaction is determined.*
- *The most meaningful unit of value for the subject property is determined.*
- *Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.*
- *The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.*

SALES SUMMARY

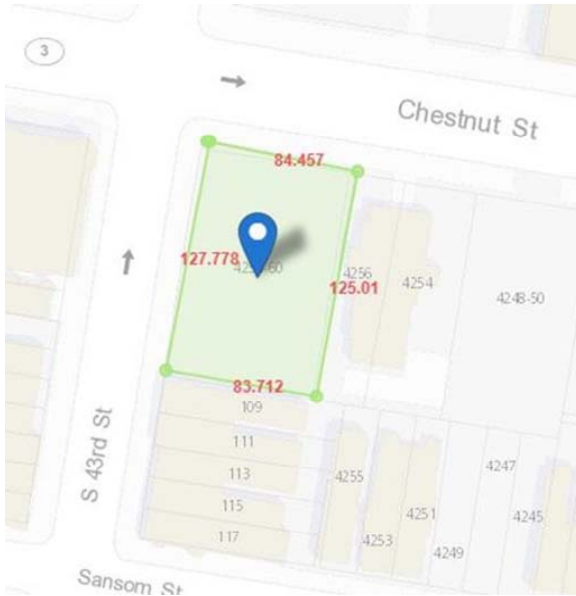
We have researched numerous comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

- *Most of the land sales were located in West Philadelphia. Most of the sales were superior in location.*
- *Sale No. 2 was significantly higher than all of the other sales and tended to make the average sales price higher. This was considered in our overall valuations.*
- *Additionally, we have researched sales outside of the subject area since there was a scarcity of sales similar in location to the subject.*
- *Those sales selected were the best available.*
- *The sales are vacant land or sites suitable for demolition and redevelopment.*

SUMMARY OF LAND SALES

Comparable	Address	Date	Price	Land SF Unit Price	Acres	Land Unit Approved or Zoned	Price per Unit	Land SF	Zoning	No. of Units
Subject	4601 Market Street	6/7/18							CMX-3	
1	4258-4260 Chestnut Street	8/17/16	\$2,350,000	\$207.49	0.26	Approved	\$52,222	11,326	CMX-4	45
2	4125-31 Chestnut Street	4/11/18	\$9,900,000	\$582.76	0.39	Approved	\$76,154	16,988	CMX4	130
3	4306-20 Market St.	9/6/17	\$1,390,000	\$119.42	0.27	Unapproved	\$38,611	11,640	CMX-3	36
4	4233 Chestnut St.	6/20/18	\$10,500,000	\$280.28	0.86	Unapproved/In Process	\$32,508	37,462	CMX-4	323
5	3925 Haverford Ave.	2/5/16	\$825,000	\$67.64	0.28	Approved	\$23,571	12,197	RM-1	35
6	3820-24 Baring St.	6/26/17	\$1,100,000	\$122.22	0.21	Unapproved		9,000	CMX-2	
7	60 N. 23rd St.	7/9/15	\$28,500,000	\$110.89	5.90	Unapproved	\$85,843	257,004	CMX-5	332
8	604 N. Front Street	9/15/17	\$3,100,000	\$120.62	0.59	Unapproved		25,700		
9	1120-1138 Frankford Avenue	2/16/16	\$2,600,000	\$106.58	0.56	Unapproved		24,394	CMX-2	
10	1006 Buttonwood St.	1/23/17	\$1,150,000	\$72.24	0.37	Unapproved		15,920	IRMX	

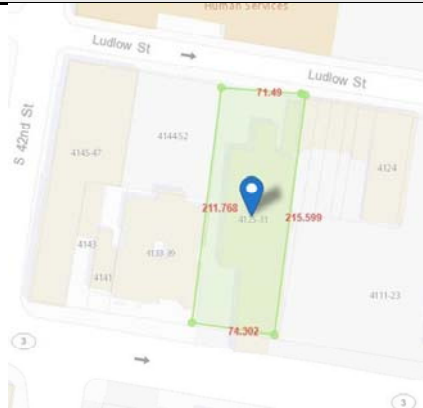
Land Comparable 1



Transaction			
ID	4010	Date	8/17/16
Address	4258-4260 Chestnut Street	Price	\$2,350,000
City	Philadelphia	Land SF Unit Price	\$207.49
Zip	19104	Financing	\$7,200,000 / Beneficial / Constuction Ln
Tax ID	272018410	Property Rights	Fee Simple
Grantor	DLP Properties, LP	Days on Market	Unknown
Grantee	4258-60 Chestnut Street, LP	Verification Source	Public Records/Deed/Other
Site			
Acres	0.26	Shape	Rectangle/corner
Land SF	11,326	Zoning	CMX-4
Road Frontage	85'	Depth	125'
No. of Units	45	Price per Unit	\$52,222
Proposed Use	Mixed-Use	Land Unit Approved or	Approved
Design/Utility	2 Corners/ 3 streets	Topography	Level
Notes			

Corner of S 43rd Street and Chestnut Street in University City area of West Philadelphia. In July of 2016 a permit was issued for multi-family household living (45 dwelling units).

Land Comparable 2



Transaction

ID	4009	Date	4/11/18
Address	4125-31 Chestnut Street	Price	\$9,900,000
City	Philadelphia	Land SF Unit Price	\$582.76
Zip	19104	Financing	\$19,000,000 / Citizens Bk /
Tax ID	882930810	Property Rights	Fee Simple
Grantor	4125 Chestnut St Crp Llc	Days on Market	94
Grantee	4125 Chestnut Partners Llc	Verification Source	Public Records/Deed/Broker

Site

Acres	0.39	Shape	Rectangular/2 streets
Land SF	16,988	Zoning	CMX4
Road Frontage	75'	Depth	215.20'
No. of Units	130	Price per Unit	\$76,154
Proposed Use	Mixed-Use	Land Unit Approved or	Approved
Design/Utility	Front/Rear Frontages	Topography	Above Street

Notes

Rectangular shaped parcel with 75 feet of frontage on Chestnut Street and Ludlow Street. Occupied by existing business, Wash N Lube Car Wash with 7,500 square feet. Located in University City area of West Philadelphia. In May 2018 permits were issued for a 5 story modular construction with roof deck access structures. Mixed-use with 130 dwelling units from the 2nd to 6th floor (permit). The developer initially planned a 240-unit apartment tower. After a meeting with the Spruce Hill Community Association, this changed. Parking for 27 cars (20% units) plus 76 bicycle spaces.

Land Comparable 3



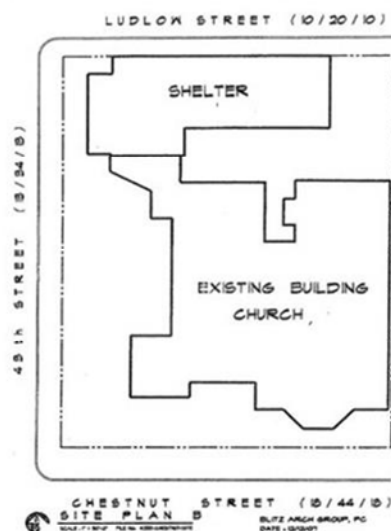
Transaction			
ID	4045	Date	9/6/17
Address	4306-20 Market St.	Price	\$1,390,000
City	Philadelphia	Land SF Unit Price	\$119.42
Zip	19104	Financing	Proudfoot Investments
Tax ID	27200250,	Property Rights	Fee Simple
Grantor	Proudfoot Investments; Kieu	Days on Market	Unknown
Grantee	Market 43 Associates LP	Verification Source	Broker/ Public Records
Site			
Acres	0.27	Shape	Rectangular/Irregular
Land SF	11,640	Zoning	CMX-3
Road Frontage	123	Depth	100
No. of Units	36	Price per Unit	\$38,611
Proposed Use	Mixed-Use	Land Unit Approved or	Unapproved
Design/Utility	Interior parcel	Topography	Sloping

Notes

Assemblage of 8 parcels on the south side of Market St. between 43rd and 44th. Three separate transactions, two in September 2017 and one in April 2018. The buyer plans to develop 4312-20 with a six story, 36 unit apartment building (2BR and 3BR units) with 5 parking spaces. According to the broker, the buyer acquired 4306-4308-4310 later and plans a separate building on those lots, keeping the triplex on 4306 and incorporating it into new construction on 4308 and 4310. 4306-10 sold for \$640,000 for 3,906 sq. ft. or \$164 per sq. ft. 4312-18 sold for \$600,000 for 5,866 sq. ft. or \$102 per sq. ft. 4320 sold for \$150,000 for 1,868 sq. ft. or \$80 per sq. ft.

Land Comparable 4

DRG. 1-2 OF 10/18/18 WEST PHILADELPHIA, GROUP 433-1021-10/18 P. 1

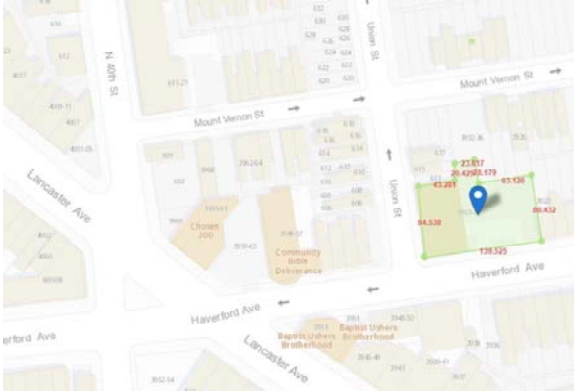


Transaction			
ID	4056	Date	6/20/18
Address	4233 Chestnut St.	Price	\$10,500,000
City	Philadelphia	Land SF Unit Price	\$280.28
Zip	19104	Financing	Cash
Tax ID	881612425	Property Rights	Fee Simple
Grantor	Kalidave Limited Partners	Days on Market	Unknown
Grantee	4233 Chestnut Street LLC	Verification Source	Public Records/Publication
Site			
Acres	0.86	Shape	Rectangular
Land SF	37,462	Zoning	CMX-4
Road Frontage	175' Chestnut/Ludlow / 214' S 43rd	Depth	214
No. of Units	323	Price per Unit	\$32,508
Proposed Use	Mixed-Use	Land Unit Approved or	Unapproved/In Process
Design/Utility	Three frontages	Topography	Level

Notes

This is the sale of the former Christ Memorial Church on the corner of Chestnut and 43rd Streets in West Philadelphia. Built in 1887, the steeple was hit by lightning in 2004 and collapsed. The church moved out in 2007 and sold to a developer. Repairs were started and a homeless shelter continued to operate in the rear of the building. The buyer has a demolition permit, and plans 323 apartments in two 7 story towers totaling 200,000 sq. ft. The buyer is marketing the property as a permitted development project and reportedly receiving offers of \$18 million or \$55,727 per permitted unit. This is a about a 70% increase in value for approvals. If demolition were estimated at \$20/sq. ft. of building, that cost would be \$820,000. Located in a CMX-4 zone which requires first floor residential use.

Land Comparable 5



Transaction			
ID	3629	Date	2/5/16
Address	3925 Haverford Ave.	Price	\$825,000
City	Philadelphia	Land SF Unit Price	\$67.64
Zip	19104	Financing	Cash
Tax ID	242207900	Property Rights	Fee Simple
Grantor	Revelation Center	Days on Market	NA
Grantee	Gf University Properties	Verification Source	Ow ner
Site			
Acres	0.28	Shape	Rectangular
Land SF	12,197	Zoning	RM-1
Road Frontage	138'	Depth	100'
No. of Units	35	Price per Unit	\$23,571
Proposed Use	Mixed-Use	Land Unit Approved or	Approved
Design/Utility	2 frontages	Topography	Level

Notes

Multifamily parcel on Haverford Ave. near the intersection with Lancaster Ave. The true buyer was Glenn Falso of Mainstreet Development in Blue Bell, PA. A mixed use building is under construction on the site. According to the permit, there will be a fresh food market and another commercial space on the ground floor, and 33 residential units upstairs. There will be bicycle parking and a green roof. Part of the site was occupied by a church, which was demolished at the cost of \$50,000 (\$12.50/sf of building). Actual sales price was \$825,000.

Land Comparable 6

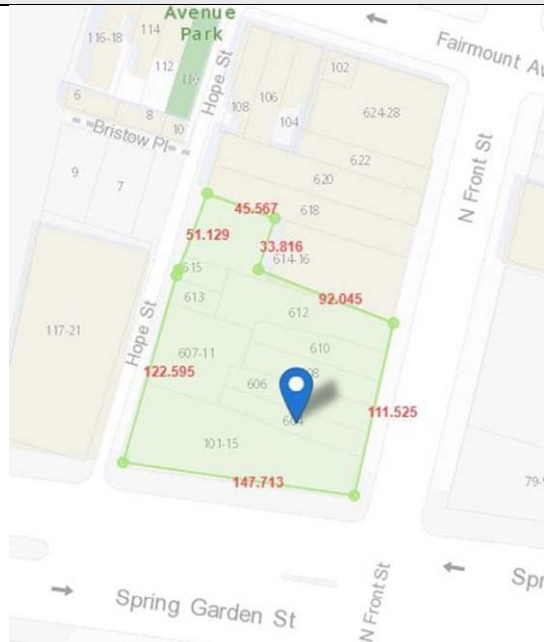


Transaction			
ID	3729	Date	6/26/17
Address	3820-24 Baring St.	Price	\$1,100,000
City	Philadelphia	Land SF Unit Price	\$122.22
Zip	19104	Financing	Cash
Tax ID	88-2970885	Property Rights	Fee Simple
Grantor	Alvin Bunch Jr.	Days on Market	NA
Grantee	Neil Rooklin	Verification Source	Ow ner
Site			
Acres	0.21	Shape	Irregular
Land SF	9,000	Zoning	CMX-2
Road Frontage	82'	Depth	75'
Proposed Use	Mixed-Use	Land Unit Approved or	Unapproved
Design/Utility	2 frontages	Topography	Level

Notes

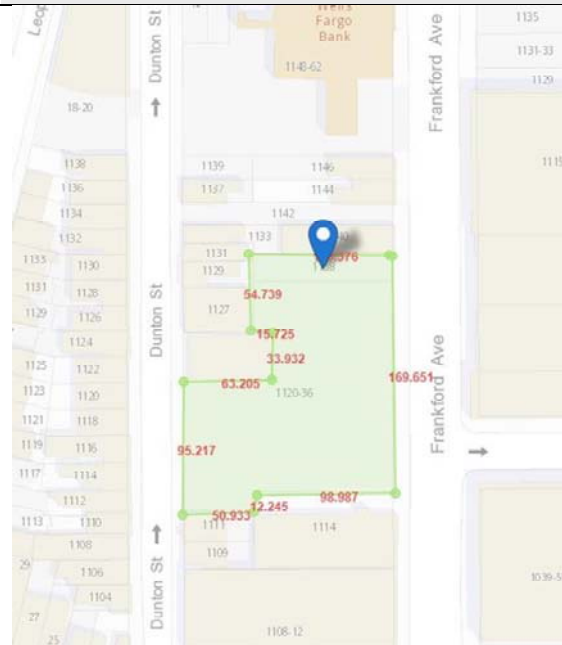
Former 5,271 square foot auto body shop near the intersection of Lancaster Avenue and Baring Street in University City. The buyer owns small rental properties in the City and is a building contractor. He said he plans to sell the property to a developer for \$1.7 million. Demolition cost is estimated at \$112,500 or \$21.34 per square foot. Sales price does not include demolition cost.

Land Comparable 8



Transaction			
ID	4025	Date	9/15/17
Address	604 N. Front Street	Price	\$3,100,000
City	Philadelphia	Land SF Unit Price	\$120.62
Zip	19123	Financing	Unknown
Tax ID	885837300, 885836580, 885886760, 885871400, 885836540, 885837360, 885837000	Property Rights	Fee Simple
Grantor	101-115 Spring Garden	Days on Market	Unknown
Grantee	117 Spg Associates LP	Verification Source	Public Records
Site			
Acres	0.6	Shape	Basically rectangular/3
Land SF	25,700	Zoning	CMX-2
Road Frontage	111'	Depth	147'
Proposed Use	Assemblage	Land Unit Approved or	Unapproved
Design/Utility	Two corners/3 streets	Topography	Level
Notes			
Site includes 604-612 N Front Street, 607-613 N Front Street and 101-115 Spring Garden Street. Purchased for assemblage.			

Land Comparable 9

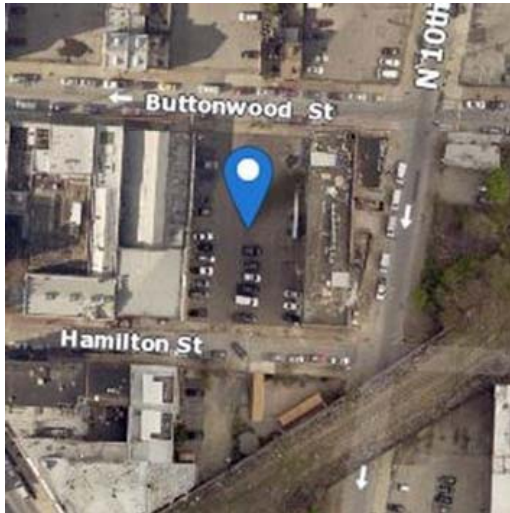


Transaction			
ID	3969	Date	2/16/16
Address	1120-1138 Frankford	Price	\$2,600,000
City	Philadelphia	Land SF Unit Price	\$106.58
Zip	19125	Financing	Unknown
Tax ID	554587815 & 885039200	Property Rights	Fee Simple
Grantor	Driscoll Construction Co Inc	Days on Market	Unknown
Grantee	1120-36 Frankford Dris Lp	Verification Source	Public Records/Deed/Other
Site			
Acres	0.6	Shape	Basically rectangular/2
Land SF	24,394	Zoning	CMX-2
Road Frontage	168'	Depth	150'
Proposed Use	Single Family Development	Land Unit Approved or	Unapproved
Design/Utility	Front/rear streets	Topography	Level

Notes

Parcel has 168 feet of frontage on Frankford Avenue and 94 feet of frontage on Dunton Street. . It was confirmed that on February 16, 2016, that Driscoll Construction Company, Inc. sold the lots at 1120-1138 Frankford Ave in Philadelphia, PA to 1120-36 Frankford Dris LP. The property sold for \$2,600,000 which equates to \$4,679,625 per acre. The buyer confirmed the acquisition of the land and that they plan to develop single family townhomes on the site. It was also reported that this was an assemblage and have recently acquired land across the street on Frankford for the same purpose.

Land Comparable 10

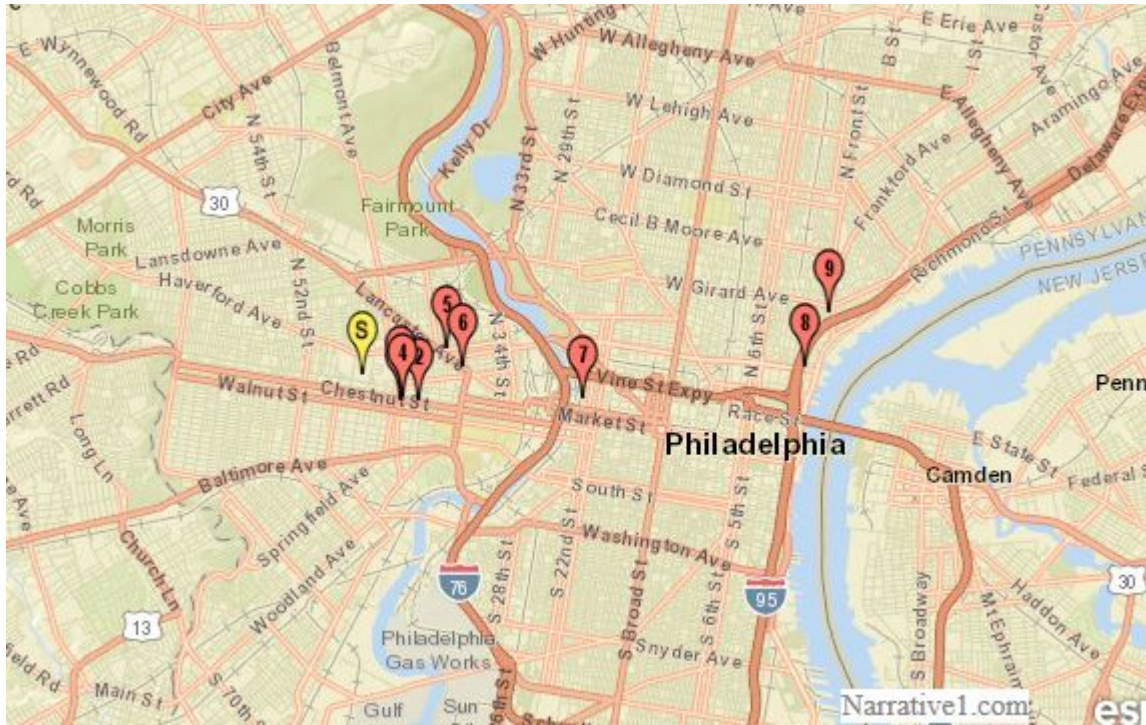


Transaction			
ID	3738	Date	1/23/17
Address	1006 Buttonwood St.	Price	\$1,150,000
City	Philadelphia	Land SF Unit Price	\$72.24
Zip	19123	Financing	Unknown
Tax ID	88-5047920	Property Rights	Fee Simple
Grantor	Philadelphia Authority for	Days on Market	NA
Grantee	Arts & Crafts Holdings	Verification Source	Public Records/deed
Site			
Acres	0.4	Shape	Rectangular
Land SF	15,920	Zoning	IRMX
Road Frontage	100	Depth	160
Proposed Use	Assemblage	Land Unit Approved or	Unapproved
Design/Utility	Front/Rear Frontage	Topography	Level

Notes

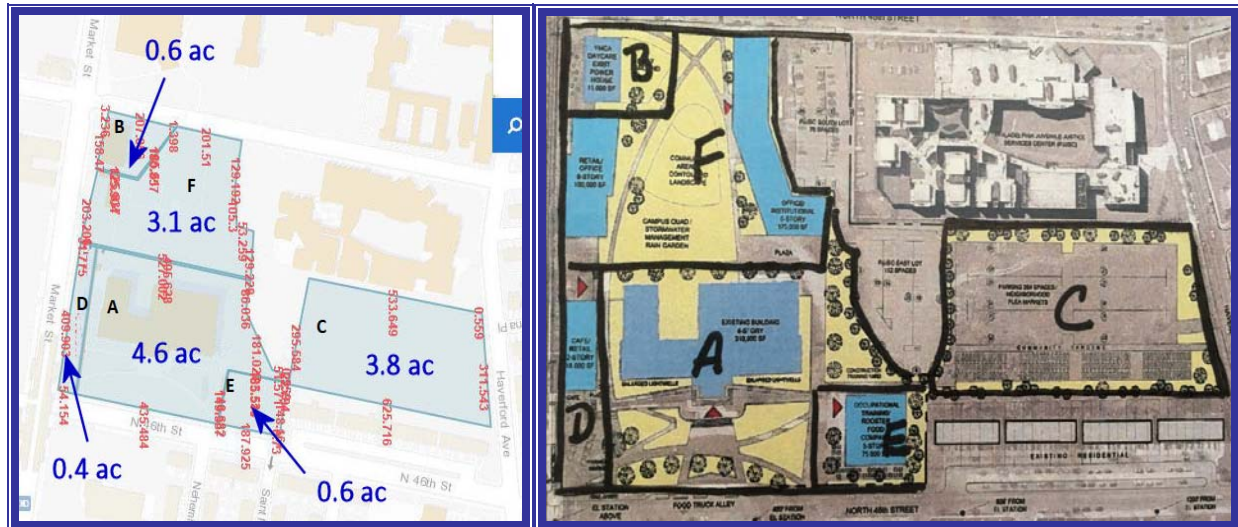
A parking lot with frontage on both Buttonwood and Hamilton Sts. The buyer has been acquiring and developing properties in the neighborhood, that are connected to the proposed Rail Park. The sale is not settled in the public record because the seller, PAID, is acting as a lender. Located in close proximity to Union Transfer and area of loft buildings which are being renovated for Workspace tenants.

COMPARABLE MAP - LAND



In estimating land values, we will consider the development of

- Parcel D – Retail
- Parcel E – Occupational Training Building
- Parcel F – Two office buildings
- Additionally, we will also consider the valuation of Parcel C for parking. This parcel will be used in conjunction with A/B as well as other phases of the development.



Land Grid – D – Proposed Retail

Parcel D - New two story 18,000 sq. ft. café and retail building will be constructed fronting on Market St. This site is located at the corner of Market Street and N. 46th Street. Land area is 17,424 square feet.

Land Analysis Grid	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	Comp 8	Comp 9	Comp 10	
Address	4601 Market Street	4258-4260 Chestnut Street	4125-31 Chestnut Street	4306-20 Market St.	4233 Chestnut St.	3925 Haverford Ave.	3820-24 Baring St.	60 N. 23rd St.	604 N. Front Street	1120-1138 Frankford	1006 Buttonwood St.
City	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	
Zip	19139	19104	19104	19104	19104	19104	19104	19103	19123	19125	
Date	6/7/2018	8/17/2016	4/11/2018	9/6/2017	6/20/2018	2/5/2016	6/26/2017	7/9/2015	9/15/2017	2/16/2016	
Price	\$2,350,000	\$9,900,000	\$1,390,000	\$10,500,000	\$825,000	\$1,100,000	\$28,500,000	\$3,100,000	\$2,600,000	\$1,150,000	
Land SF	11,326	16,988	11,640	37,462	12,197	9,000	257,004	25,700	24,394	15,920	
Land SF Unit Price	\$207.49	\$582.76	\$119.42	\$280.28	\$67.64	\$122.22	\$110.89	\$120.62	\$106.58	\$72.24	
Transaction Adjustments											
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	
Financing	Simple \$7,200,000 /	0.0%	Simple \$19,000,000 /	0.0%	Cash	Cash	Cash	Cash	Simple Unknown	Simple Unknown	
Conditions of Sale	Normal	0.0%	Narrative -30.0%	0.0%	Normal	0.0%	Demolition	0.0%	Normal	0.0%	
Adjusted Land SF Unit Price	\$207.49	\$407.94	\$119.42	\$280.28	\$67.64	\$122.22	\$110.89	\$120.62	\$106.58	\$72.24	
Market Trends Through 6/7/18	5.0%	9.2%	0.8%	3.7%	0.0%	12.1%	4.7%	15.3%	3.6%	11.9%	
Adjusted Land SF Unit Price	\$226.59	\$411.06	\$123.87	\$280.28	\$75.81	\$128.01	\$127.84	\$124.97	\$119.28	\$77.23	
Location	Fair/Average	V Good	V Good	Good	V Good	Fair/Average	Average	V Good	Good	Good	
% Adjustment		-35%	-35%	-25%	-35%		-15%	-35%	-25%	-25%	
Land SF	17,424	11,326	16,988	11,640	37,462	12,197	9,000	257,004	25,700	24,394	
% Adjustment	D-Retail	-20%	0%	-20%	0%	-20%	-20%	35%	0%	0%	
Design/Utility	2 frontages	2 Corners/ 3 streets	Front/Rear Frontages	Interior parcel	Three frontages	2 frontages	2 frontages	4 frontages	Two corners/3 streets	Front/rear streets	
% Adjustment		0%	0%	10%	-20%	0%	0%	0%	0%	0%	
Zoning	CMX-3	CMX-4	CMX4	CMX-3	CMX-4	RM-1	CMX-2	CMX-5	CMX-2	CMX-2	
% Adjustment		-10%	-10%	0%	-10%	10%	0%	-20%	0%	0%	
Land Unit Approved or Zoned	Zoned	Approved	Approved	Unapproved	Unapproved/In Process	Approved	Unapproved	Unapproved	Unapproved	Unapproved	
% Adjustment		-25%	-25%	0%	0%	-25%	0%	0%	0%	0%	
Adjusted Land SF Unit Price	\$22.66	\$123.32	\$80.52	\$98.10	\$49.28	\$83.21	\$102.27	\$93.73	\$89.46	\$84.95	

SALES COMPARISON APPROACH – ADJUSTMENT PROCESS – LAND - PARCEL D –RETAIL

Sale Adjustments

In the adjustment process, transactional adjustments are made first. This includes property rights, financing, conditions of sale and expenditures made immediately after sale. The remaining adjustments include location, physical characteristics and economic characteristics.

Transactional Adjustments

Property Rights

Property Rights can include many factors including a leasehold position or business interests.

- *Sale No. 2 was improved as a car wash. The value was higher than all other sales due to inclusion of the business. This sale was adjusted downward for superior property rights. Although a separate adjustment was not made the buyer initially hoped to have 240, not 130 units.*

Financing

No adjustments necessary.

Conditions of Sale

No adjustments necessary.

Expenditures Subsequent to Sale

While many of the sales were improved with a structure and demolition was required, we did not have this information in all instances. Consequently, no adjustment was made. Comments are included in each sale about demolition costs if available. Demolition costs were considered in our final valuation analysis

Market Conditions

All but one sale occurred between 2016 and 2018. An overall adjustment of 5% annually was applied to the sales from the date of sale to the date of appraisal.

Property Adjustments

The remaining adjustments include location, physical characteristics and economic characteristics. In addition to location, adjustments for physical characteristics were necessary for gross building area, condition, land/building ratio, and fire protection. Adjustments for economic characteristics included approvals.

Location

The subject is located in West Philadelphia adjacent to the University City District and to zip code 19104. Most of the comparable sales are in superior areas.

- *Sale No. 1 is located on Chestnut Street and had very good visibility.*
- *Sale No. 2 is located on Chestnut Street also and had very good visibility.*
- *Sale No. 3 is located on the 4300 block of Market Street and is considered to have a superior location.*
- *Sale No. 4 is located on Chestnut Street also and had very good visibility.*
- *Sale No. 5 is on Haverford Avenue and is considered to have a similar location.*
- *Sale No. 6 is off of the corner of Lancaster Avenue and is considered to have a slightly superior location.*

- *Sale No. 7 is on the Schuylkill River and N. 23rd Streets and has a superior location.*
- *Sale No. 8 is located on N. Front Street and is also considered superior in location.*
- *Sale No. 9 on Frankford Avenue is considered superior in location.*
- *Sale No. 10 is located in the Callowhill section and is considered similar to the subject location.*

Land Area

Generally, smaller sized parcels sell for a higher unit rate, thereby requiring a downward adjustment. On the other hand, larger properties often sell for a lower unit rate, thereby requiring an upward adjustment.

- *Sale Nos. 1, 3, 5 and 6 were smaller and were adjusted upward while Sale No. 7 was significantly larger and was adjusted.*

Design/Utility - Frontages

The subject has a corner location at N. 46th Street and Market Street. Sales with superior frontages including three frontages and/two corners were adjusted downward.

- *Sale No. 3 with an interior location was adjusted upward.*
- *Sale No. 4 with three frontages at S. 43rd Street and Chestnut Street was adjusted downward.*

Zoning

Zoning affects how intensively a property can be developed.

- *Sale Nos. 1, 2, 4, and 7 were adjusted downward for more intensive commercial zoning. 22 5 and 10 were adjusted upward for inferior zoning. The remaining sales did not warrant an adjustment.*

Approved

The subject is unapproved.

- *Sale Nos. 1, 2, and 5 were adjusted downward for approvals. No adjustment was necessary for the remaining unapproved sales.*

Summary of Adjustments

Qualitative adjustments attempt to mirror the market. These adjustments are based on market research for the subject property as well as a data bank of sales, discussions with market participants, experience in the subject marketplace and overall judgement.

SALES COMPARISON APPROACH CONCLUSION VALUE AS VACANT LAND

D – Proposed Land for Retail

The adjusted values of the comparable properties range from \$22.66 to \$123.32; the average is \$82.75.

Greatest reliance was placed on all of the sales presented in arriving at our final reconciled per square foot value of \$80.00.

Parcel D is considered to be one of the prime development locations on the subject site. The remaining parcels will be compared based on individual Land Sales Adjustment Grids.

<i>As Is Market Value – Prior to Discounting</i>	
<i>Indicated Value per square foot:</i>	<i>\$80.00</i>
<i>Subject Size square foot:</i>	<i>17,424 sq. ft.</i>
<i>Indicated Value:</i>	<i>\$1,393,920</i>
<i>Final Value:</i>	<i>\$1,390,000</i>

Land Grid – E – Occupational Training

- Parcel E** - New five story 75,000 sq. ft. occupational training and restaurant building will be constructed fronting on N. 46th St. This will be an interior parcel. It will be adjacent to the main building's setback area. Land area is 26,136 square feet.

A previously noted, Parcel D is considered to be one of the prime development locations on the subject site. In estimating the value of Parcel E, the main differences between the two parcels are that Parcel E is slightly larger and Parcel E has an inferior location as an interior parcel on N. 46th Street compared to the corner location of Parcel D.

Land Analysis Grid	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	Comp 8	Comp 9	Comp 10	
Address	4601 Market Street	4258-4260 Chestnut Street	4125-31 Chestnut Street	4306-20 Market St.	4233 Chestnut St.	3925 Haverford Ave.	3820-24 Baring St.	60 N. 23rd St.	604 N. Front Street	1120-1138 Frankford	1006 Buttonwood St.
City	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	
Zip	19139	19104	19104	19104	19104	19104	19104	19103	19123	19125	
Date	6/7/2018	8/17/2016	4/11/2018	9/6/2017	6/20/2018	2/5/2016	6/26/2017	7/9/2015	9/15/2017	2/16/2016	
Price	\$2,350,000	\$9,900,000	\$1,390,000	\$10,500,000	\$825,000	\$1,100,000	\$28,500,000	\$3,100,000	\$2,600,000	\$1,150,000	
Land SF	11,326	16,988	11,640	37,462	12,197	9,000	257,004	25,700	24,394	15,920	
Land SF Unit Price	\$207.49	\$582.76	\$119.42	\$280.28	\$67.64	\$122.22	\$110.89	\$120.62	\$106.58	\$72.24	
Transaction Adjustments											
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	
Financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Conditions of Sale	Normal	0.0%	Narrative	-30.0%	Narrative	0.0%	Normal	0.0%	Normal	0.0%	
Adjusted Land SF Unit Price	\$207.49	\$407.94	\$119.42	\$280.28	\$67.64	\$122.22	\$110.89	\$120.62	\$106.58	\$72.24	
Market Trends Through	6/7/18	5.0%	9.2%	0.8%	3.7%	0.0%	12.1%	4.7%	15.3%	3.6%	
Adjusted Land SF Unit Price	\$226.59	\$411.06	\$123.87	\$280.28	\$75.81	\$128.01	\$127.84	\$124.97	\$119.28	\$77.23	
Location	Fair/Average	V Good	V Good	Good	V Good	Fair/Average	Average	V Good	Good	Good	
% Adjustment		-35%	-35%	-25%	-35%	0%	-15%	-35%	-25%	-25%	
Land SF	E-Occupational	11,326	16,988	11,640	37,462	12,197	9,000	257,004	25,700	24,394	
% Adjustment		-20%	0%	-20%	0%	-20%	-20%	35%	0%	0%	
Design/Utility	1 frontage	2 Corners/ 3 streets	Front/Rear Frontages	Interior parcel	Three frontages	2 frontages	2 frontages	4 frontages	Two corners/3 streets	Front/rear streets	
% Adjustment		-20%	-15%	0%	-20%	-15%	-15%	-15%	-15%	-15%	
Zoning	CMX-3	CMX-4	CMX-4	CMX-3	CMX-4	RM-1	CMX-2	CMX-5	CMX-2	CMX-2	
% Adjustment		-10%	-10%	0%	-10%	10%	0%	-20%	0%	0%	
Land Unit Approved or Zoned	Zoned	Approved	Approved	Unapproved	Unapproved/In Process	Approved	Unapproved	Unapproved	Unapproved	Unapproved	
% Adjustment		-25%	-25%	0%	0%	-25%	0%	0%	0%	0%	
Adjusted Land SF Unit Price	\$22.66	\$61.66	\$68.13	\$98.10	\$37.90	\$64.00	\$83.10	\$74.98	\$71.57	\$73.37	

Sale Adjustments – E- Occupational Training

Adjustments for Location, land square feet, zoning and approvals are the same as for Parcel D. While Parcel E is slightly larger, the same adjustments are appropriate.

Design/Utility - Frontages

Parcel E has an interior location and only one street frontage. All sales had superior frontage except for Sale No. 3 and were adjusted downward. Sale Nos. 1 and 4 had the best frontage/utility and had the highest downward adjustments.

SALES COMPARISON APPROACH CONCLUSION VALUE AS VACANT LAND

E- Occupational Training

The adjusted values of the comparable properties range from -\$22.66 to \$98.10; the average is \$61.02.

Greatest reliance was placed on all of the sales presented in arriving at our final reconciled per square foot value of \$61.00.

<i>As Is Market Value – Prior to Discounting</i>	
<i>Indicated Value per square foot:</i>	<i>\$61.00</i>
<i>Subject Size:</i>	<i>26,136 sq. ft.</i>
<i>Indicated Value:</i>	<i>\$1,594,296</i>
<i>Final Value:</i>	<i>\$1,590,000</i>

Land Grid – F– Two Office Buildings

Total land area is estimated at 135,036 square feet.

- **F- New six story 100,000 sq. ft. retail and office building will be constructed fronting on Market St.**
- **F - New six story 175,000 sq. ft. institutional and office building will be constructed fronting on N. 48th St. and adjacent to the Philadelphia Juvenile Justice Services Center south parking lot.**

Land Grid – F – Two Large Office Buildings

Land Analysis Grid	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	Comp 8	Comp 9	Comp 10	
Address	4601 Market Street	4258-4260 Chestnut Street	4125-31 Chestnut Street	4306-20 Market St.	4233 Chestnut St.	3925 Haverford Ave.	3820-24 Baring St.	60 N. 23rd St.	604 N. Front Street	1120-1138 Frankford	1006 Buttonwood St.
City	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	
Zip	19139	19104	19104	19104	19104	19104	19104	19103	19123	19125	
Date	6/7/2018	8/17/2016	4/11/2018	9/6/2017	6/20/2018	2/5/2016	6/26/2017	7/9/2015	9/15/2017	2/16/2016	1/23/2017
Price	\$2,350,000	\$9,900,000	\$1,390,000	\$10,500,000	\$825,000	\$1,100,000	\$28,500,000	\$3,100,000	\$2,600,000	\$1,150,000	
Land SF	11,326	16,988	11,640	37,462	12,197	9,000	257,004	25,700	24,394.00	15,920.00	
Land SF Unit Price	\$207.49	\$582.76	\$119.42	\$280.28	\$67.64	\$122.22	\$110.89	\$120.62	\$106.58	\$72.24	
Transaction Adjustments											
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	00 / 0.0%	000 / 0.0%	000 / 0.0%	000 / 0.0%	Cash	Cash	Cash	Cash	Unknown	Unknown	Unknown
Conditions of Sale	Normal	0.0%	Narrative	-30.0%	Narrative	0.0%	Normal	0.0%	Normal	0.0%	Narrative
Adjusted Land SF Unit Price	\$207.49	\$407.94	\$119.42	\$280.28	\$67.64	\$122.22	\$110.89	\$120.62	\$106.58	\$72.24	
Market Trends Through 6/7/18	5.0%	9.2%	0.8%	3.7%	0.0%	12.1%	4.7%	15.3%	3.6%	11.9%	
Adjusted Land SF Unit Price	\$226.59	\$411.06	\$123.87	\$280.28	\$75.81	\$128.01	\$127.84	\$124.97	\$119.28	\$77.23	
Location	Fair/Average	V Good	V Good	Good	V Good	Fair/Average	Average	V Good	Good	Good	
% Adjustment		-35%	-35%	-25%	-35%	0%	-15%	-35%	-25%	-25%	
Land SF	F - 2 Office	11,326	16,988	11,640	37,462	12,197	9,000	257,004	25,700	24,394	
% Adjustment		-25%	-25%	-25%	-15%	-25%	-30%	0%	-20%	-25%	
Design/Utility	2 frontages	2 Corners/ 3 streets	Front/Rear Frontages	Interior parcel	Three frontages	2 frontages	2 frontages	4 frontages	Two corners/3 streets	Front/rear streets	
% Adjustment		0%	0%	10%	-20%	0%	0%	0%	0%	0%	
Zoning	CMX-3	CMX-4	CMX4	CMX-3	CMX-4	RM-1	CMX-2	CMX-5	CMX-2	CMX-2	
% Adjustment		-10%	-10%	0%	-10%	10%	0%	-20%	0%	10%	
Land Unit Approved or Zoned	Zoned	Approved	Approved	Unapproved	Unapproved/In Process	Approved	Unapproved	Unapproved	Unapproved	Unapproved	
% Adjustment		-25%	-25%	0%	0%	-25%	0%	0%	0%	0%	
Adjusted Land SF Unit Price	\$11.33	\$20.55	\$74.32	\$56.06	\$45.49	\$70.40	\$57.53	\$68.73	\$65.60	\$65.64	

Sale Adjustments F – Two Large Office Buildings

All adjustments were the same as Parcel D except for land area. Parcel F is much larger and will contain about 3.1 acres or 135,036 square feet.

Land Area

Generally, smaller sized parcels sell for a higher unit rate, thereby requiring a downward adjustment. On the other hand, larger properties often sell for a lower unit rate, thereby requiring an upward adjustment.

- All sales except Sale No. 7 were adjusted downward for smaller land area.

SALES COMPARISON APPROACH CONCLUSION VALUE AS VACANT LAND

Sale Adjustments F – Two Large Office Buildings

The adjusted values of the comparable properties range from \$11.33 to \$74.32; the average is \$53.57.

Greatest reliance was placed on all of the sales presented in arriving at our final reconciled per square foot value of \$54.00.

<i>As Is Market Value – Prior to Discounting</i>	
<i>Indicated Value per square foot:</i>	<i>\$54.00</i>
<i>Subject Size :</i>	<i>135,036 sq. ft.</i>
<i>Indicated Value:</i>	<i>\$7,291,944</i>
<i>Final Value:</i>	<i>\$7,290,000</i>

Land Grid – C – Parking

- **Parcel C** – This is an estimated parking area for 264 spaces that has 311 feet of frontage along the south side of Haverford Avenue. This area is to be used in conjunction with the existing buildings.
- For valuation purposes, we have estimated that this would be constructed during the third year of the development. Because all of the shell building sales utilized in valuing the existing improvements (main building and power plant) have limited land area, we have valued land for parking separately.
- Alternative uses for this 3.8-acre site could include a mixed-use development with residential and commercial space. The site would offer the potential for a high-density mixed-use development. This could include ground level commercial space and residential single-family or multi-family use or a combination of the two.

Land Analysis Grid	Comp 1		Comp 2		Comp 3		Comp 4		Comp 5		Comp 6		Comp 7		Comp 8		Comp 9		Comp 10	
Address	4601 Market Street	4258-4260 Chestnut Street	4125-31 Chestnut Street	4306-20 Market St.	4233 Chestnut St.	3925 Haverford Ave.	3820-24 Baring St.	60 N. 23rd St.	604 N. Front Street	1120-1138 Frankford	1006 Buttonwood St.									
City	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia	Philadelphia									
Zip	19139	19104	19104	19104	19104	19104	19104	19103	19123	19125	19123									
Date	6/7/2018	8/17/2016	4/11/2018	9/6/2017	6/20/2018	2/5/2016	6/26/2017	7/9/2015	9/15/2017	2/16/2016	1/23/2017									
Price	\$2,350,000	\$9,900,000	\$1,390,000	\$10,500,000	\$825,000	\$1,100,000	\$28,500,000	\$3,100,000	\$2,600,000	\$1,150,000	\$1,150,000									
Land SF	11,326	16,988	11,640	37,462	12,197	9,000	257,004	25,700	24,394.00	15,920.00	15,920.00									
Land SF Unit Price	\$207.49	\$582.76	\$119.42	\$280.28	\$67.64	\$122.22	\$110.89	\$120.62	\$106.58	\$72.24	\$72.24									
Transaction Adjustments																				
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple									
Financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%									
Conditions of Sale	Normal	0.0%	Narrative	-30.0%	Narrative	0.0%	Normal	0.0%	Normal	0.0%	Demolito	0.0%	Normal	0.0%	Normal	0.0%	Normal	0.0%	Narrative	0.0%
Adjusted Land SF Unit Price	\$207.49	\$407.94	\$119.42	\$280.28	\$67.64	\$122.22	\$110.89	\$120.62	\$106.58	\$72.24	\$72.24									
Market Trends Through 6/7/18	5.0%	9.2%	0.8%	3.7%	0.0%	12.1%	4.7%	15.3%	3.6%	11.9%	6.9%									
Adjusted Land SF Unit Price	\$226.59	\$411.06	\$123.87	\$280.28	\$75.81	\$128.01	\$127.84	\$124.97	\$119.28	\$77.23	\$77.23									
Location	Fair/Average	V Good	V Good	Good	V Good	Fair/Average	Average	V Good	Good	Good	Fair/Average									
% Adjustment	-35%	-35%	-35%	-25%	-35%	0%	-15%	-35%	-25%	-25%	0%									
Land SF	C-Parking	11,326	16,988	11,640	37,462	12,197	9,000	257,004	25,700	24,394	15,920									
% Adjustment	165,528	-25%	-25%	-25%	-15%	-25%	-30%	0%	-20%	-20%	-25%									
Design/Utility	2 frontages	2 Corners/ 3 streets	Front/Rear Frontages	Interior parcel	Three frontages	2 frontages	2 frontages	4 frontages	Two corners/3 streets	Front/rear streets	Front/Rear Frontage									
% Adjustment	-20%	-15%	0%	-20%	-15%	-15%	-15%	-15%	-15%	-15%	-15%									
Zoning	CMX-3	CMX-4	CMX-4	CMX-3	CMX-4	RM-1	CMX-2	CMX-5	CMX-2	CMX-2	IRMX									
% Adjustment	-10%	-10%	-10%	0%	-10%	10%	0%	-20%	0%	0%	10%									
Land Unit Approved or Zoned	Zoned	Approved	Approved	Unapproved	Unapproved/In Process	Approved	Unapproved	Unapproved	Unapproved	Unapproved	Unapproved									
% Adjustment	-25%	-25%	0%	0%	-25%	0%	0%	0%	0%	0%	0%									
Adjusted Land SF Unit Price	-\$33.99	-\$41.11	\$61.94	\$56.06	\$34.11	\$51.20	\$38.35	\$49.99	\$47.71	\$54.06	\$54.06									

Sale Adjustments Parcel F – Parking

All adjustments for Parcel F were the same, except for land area and design/utility.

Land Area

Generally, smaller sized parcels sell for a higher unit rate, thereby requiring a downward adjustment. On the other hand, larger properties often sell for a lower unit rate, thereby requiring an upward adjustment.

- All sales except Sale No. 7 were adjusted downward for smaller size.

Design/Utility - Frontages

Parcel F is an interior lot on Haverford Avenue. While the site has frontage of over 300 feet on Haverford Avenue, it is still an elongated parcel. All sales, except Sale No. 7, had superior frontage/corner location and were adjusted downward.

SALES COMPARISON APPROACH CONCLUSION VALUE AS VACANT LAND

C – Parking

The adjusted values of the comparable properties range from -\$41.11 to \$61.94; the average is \$31.83.

Greatest reliance was placed on all of the sales presented in arriving at our final reconciled per square foot value of \$33.00.

<i>As Is Market Value – Prior to Discounting</i>	
<i>Indicated Value per square foot:</i>	<i>\$33.00</i>
<i>Subject Size:</i>	<i>165,528 sq. ft.</i>
<i>Indicated Value:</i>	<i>\$5,462,424</i>
<i>Final Value:</i>	<i>\$5,460,000</i>

INCOME APPROACH (DEVELOPMENT APPROACH)

The Income Approach generally applies to an income producing property and produces a value indication by converting anticipated benefits into property value. This conversion is accomplished either by:

- a. Capitalizing a single year's income expectancy or an annual average of several years' income expectancies at a market derived capitalization rate or a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment, or*
- b. Discounted annual "cash-flows" for the sellout period at a specified yield rate, including rental income and sales proceeds offset by carrying and marketing costs.*

Following investor objectives, a discounted cash flow will be analyzed.

The Developer's Approach was utilized since this is the method that best replicates the thought process of a probable purchaser of all of the 4 units (land parcels) of the subject property. The Developer's Approach combines the Sales Comparison and the Income Approaches. In the Sales Comparison Approach, the individual unit values are developed by comparing units that have sold to the subject units. In the Income Approach, the income from projected sales of the subject units is discounted over the sellout period. The Income Approach is utilized to estimate what an investor would pay "today" for all 4 units.

- In this case, the units are considered the land parcels that will be developed in the future.*

Discounted Cash Flow Model

The discounted cash flow model (DCF) is a three step process:

- 1. Determine the quarterly Gross Sales Proceeds of the project based on a competitive market analysis. The gross sales proceeds are estimated based on the analysis of competitive sales in the Sales Comparison Approach.*
- 2. Estimate the net proceeds per quarter by deducting from the gross revenue per quarter, the cost of selling the units and the cost of maintaining and/or managing any rental units if applicable.*
- 3. Discounting the quarterly cash flows by a yield rate that represents an investors' weighted average cost of debt and equity capital as compared to other investments.*

DCF analysis is based on the theory of present value. Where Direct Capitalization values a representative single "stabilized" cash flow, DCF analysis allows for more detailed and explicit expression of future cash flows and resale of the investment. Further, DCF analysis has the advantage of addressing irregular cash flow scenarios. In this case, there is no resale of the investment.

To perform a discounted cash flow analysis, one takes the holding period of the investment, forecasts all future cash inflows and outflows, selects an appropriate discount rate and then converts all future net benefits into a present value by discounting each annual future net benefit and summing the individual results.

This can be seen in the equation below:

$$\text{Net Present Value} = CF1/(1+i) + CF2/(1+i)^2 + CF3/(1+i)^3 + CFn/(1+i)^n$$

Where: **CF** = expected net cash flow;
i = the discount rate used, and
n = the time period in which the cash flow occurs

The applied process is as follows:

1. Estimate the holding period for the investment
2. Estimate the market rent or income for the subject
3. Estimate the vacancy and collection loss rates for the subject market segment
4. Project the contract or effective income for the subject
5. Estimate and project the expenses for the subject
6. Estimate the resale value of the subject and related expenses – if applicable
7. Develop the appropriate discount rate and convert the net cash flows to a present value

Investment Holding period

In reviewing developer's plans for development schedule, we have considered several projects:

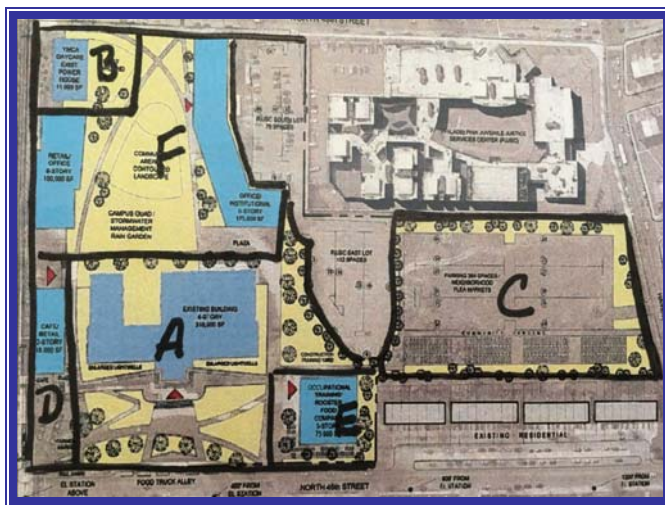
- **Falls Center – 3300 Henry Avenue, East Falls Philadelphia** – Former Medical College of Pennsylvania. Project included five empty buildings with 700,000 square feet of office and medical space. After 12 years, the center achieved 100% occupancy. In 2009, 180,000 square feet was dedicated to mixed-use. Apartments were created for student housing for Philadelphia University. Presently this phase of the development is being converted into 131 market rate apartments that will be available in the summer of 2018 at a cost of \$3 million or about \$23,000 per apartment. Institutional tenants include Eastern University, Einstein Hospital and Elwyn. The property was acquired in 2006 for \$11 million or about \$15.71 per square foot. Development of this property occurred during a severe downturn in the economy affecting the market from 2008 to 2012 or about a five-year period. Over a 12-year period, absorption is equal to 58,383 square feet per year.
- **The New Market West - 59th and Market Streets, West Philadelphia** - The \$50 million project is for a four-story community services and retail complex with 137,700 square feet of space on a 1.5 acre parcel that will provide early childhood education, workforce development and education, emergency and behavioral health services. The project is equivalent to \$363 per square foot. A second phase costing an additional \$15 million will provide 40 affordable housing units in a separate building equivalent to \$375,000 per unit. No development construction period has been estimated. This will be a project further west than the subject and should complement rather than compete with the subject development.
- **Subject – 4601 Market Street, West Philadelphia** - The subject's project completion is estimated at 6.6 years. Stabilized occupancy has not been estimated but would appear to extend beyond the 6.6 years.

This appraisal is not projecting the estimated value and sellout of the proposed buildings as completed, rather the value of the land for the proposed buildings. The developer has estimated 6.6 years; however, a similar project at Falls Center by the developer was a 12 year project as leased up or stabilized. Considering all factors and the size of the project as well as its location, a holding period of 10 years is projected.

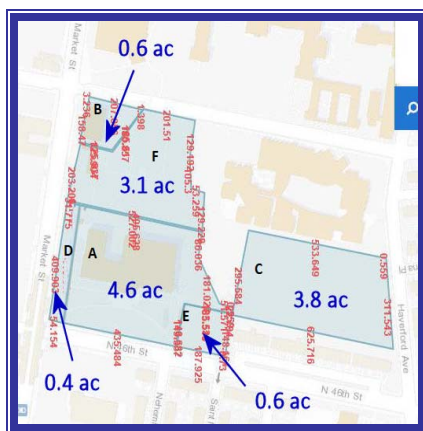
Investment Holding period – Subject Development Plan

In estimating the Holding Period we have considered the proposed plan for the subject as well as other projects. Based on observations of typical holding periods for similar property and given the cash flow characteristics of the subject property, we have utilized a 10 year holding period. This is detailed below.

- *Phase 1 - Renovation of the existing building and parking lot, development of daycare/YMCA facility and construction of a two-story retail facility on the northwest corner of 46th and Market Street across from the 46th and Market Street.*
- *Phase 2 – Construction of a five-story occupational training facility on the Northside of the existing office building on the west side of N. 46th Street.*
- *Phase 3 – Construction of a six-story 100,000 square foot office building off of N. Market Street and construction of a 175,000 square foot office building on the eastside of N. 48th Street.*



Buildings A and B are existing and will be renovated. Buildings D and E as well as two buildings on F will be new construction. Parcel C is the proposed parking area.



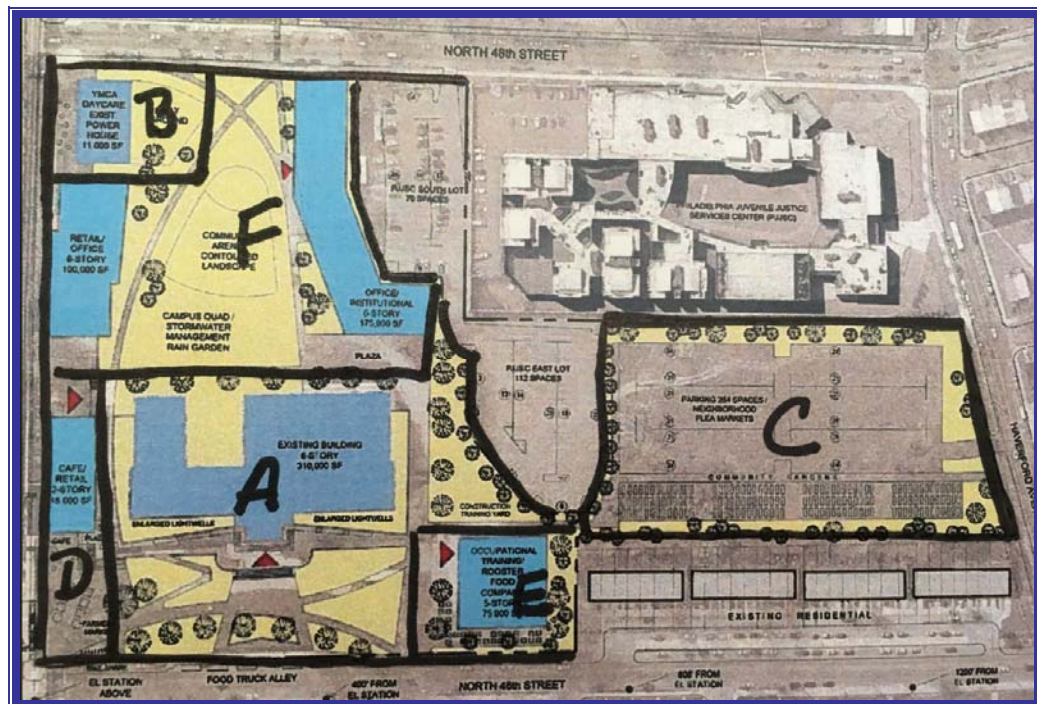
PROPOSED DEVELOPER'S SCHEDULE - 4301 MARKET STREET*								
PHASE	DATE	MILESTONE	DESCRIPTION	EXISTING/ SQUARE FEET	PROPOSED/ SQUARE FEET	TOTAL/ SQUARE FEET	COST ESTIMATE	COST/ SQUARE FOOT
Phase 1	1/30/2019	Closing on the property	Renovation of the existing building and parking lot, development of daycare/YMCA facility and construction of a two-story retail facility on the northwest corner of 46 th and Market Street across from the 46 th and Market Street.	325,000	18,000	354,000	\$62,480,000	\$176.50
	3/15/2020	Projection completion		11,000				
Phase 2	3/15/2021	Securing tenants	Construction of a five-story occupational training facility on the northside of the existing office building on the westside of N. 46 th Street.		75,000	75,000	\$35,140,000	\$468.53
	9/1/2023	Project completion						
Phase 3	3/15/2023	Securing tenants	Construction of a six-story 100,000 square foot office building off of N. Market Street and construction of a 175,000 square foot office building on the eastside of N. 48th Street		100,000	275,000	\$93,710,000	\$340.76
	9/1/2025	Projection completion			175,000			
6.6 years								
Project Totals				336,000	368,000	704,000	\$191,330,000	\$271.78
* Based on material provided to PIDC by developer. Schedule, timing and cost estimates are for discussion purposes. Cost estimates for each phase and per square foot overall estimates have been compiled by E. H. Lynn & Associates .								

The subject plan as presented above is for a 6.6-year development period. This is assumed to be the period of construction. It is not necessarily the period of stabilized occupancy.

The Years projected for development in the discount cash flow extend the developer's timeline from 6.6 to 10 years.

A prospective developer would not pay today's value for land that will not be developed for a period of years.

- **A/B** - The previously indicated value for the existing building would be paid at the time of sale and would not be discounted.
- **C** – While the development of the parking lot will occur during the beginning of the construction period, we have deferred this to Year 3
- **D** – Development of the Retail portion is scheduled for Phase 1 and is scheduled to start January 2019. This portion of the property is discounted in Year 1.
- **E** – Development of the Occupational Training Building is scheduled to start in March of 2021. It is scheduled for Year 5 in the discounted cash flow.
- **F** – Development of the two, six-story Office buildings is scheduled to start in March of 2023. In the DCF, it is scheduled for Year 10. Due to the history of multi-purpose projects taking longer and to the magnitude of this portion of the development, this seems more realistic.



Based on observations of typical holding periods for similar property and given the cash flow characteristics of the subject property, we have utilized a 10 year holding period,

Total Revenue

For the subject analysis, consideration will be given to the valuation of the land as individual parcels for future development.

In estimating the value of the land, we have considered market values of the land today. A developer could not afford to pay the market value today for land that would not be developed into the future. In estimating the future value of the project, the value today would have to be discounted for the holding period until development was possible. No increase in value has been projected over the holding period.

Total revenues over the holding period are summarized below.

SOURCE		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
		YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
		1	2	3	4	5	6	7	8	9	10
REVENUE		\$1,390,000	\$0	\$5,460,000	\$0	\$1,590,000	\$0	\$0	\$0	\$0	\$7,290,000
VACANCY		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OTHER REVENUE	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE	100.00%	\$1,390,000	\$0	\$5,460,000	\$0	\$1,590,000	\$0	\$0	\$0	\$0	\$7,290,000

Total Expenses

Estimated Expenses- Developer's Cost Estimates

The developer's cost estimate is presented below for project costs and project financing. This includes the developer's estimate of Project Costs, including acquisition costs, hard and soft costs as well as other costs. It also includes Project Financing.

Ironstone Real Estate Partners 4601 Market Street Jason Friedland								
budget- sources & uses								
	phase 1		phase 2		phase 3		total	
project costs								
acquisition cost	\$10,000,000	16%	\$0	0%	\$0	0%	\$10,000,000	5%
hard and soft costs	\$52,000,000	83%	\$33,750,000	96%	\$90,000,000	96%	\$175,750,000	92%
HTC costs	\$480,000	1%	\$0	0%	\$0	0%	\$480,000	0%
NMTC costs	\$0	0%	\$1,390,000	4%	\$3,710,000	4%	\$5,100,000	3%
total project cost	\$62,480,000	100%	\$35,140,000	100%	\$93,710,000	100%	\$191,330,000	100%
project financing								
equity	\$6,248,000	10%	\$3,514,000	10%	\$9,371,000	10%	\$19,133,000	10%
mezzanine	\$15,620,000	25%	\$8,785,000	25%	\$23,427,500	25%	\$47,832,500	25%
grants	\$0	0%	\$0	0%	\$0	0%	\$0	0%
HTC	\$8,020,000	13%	\$0	0%	\$0	0%	\$8,020,000	4%
NMTC	\$0	0%	\$9,290,000	26%	\$24,770,000	26%	\$34,060,000	18%
senior debt	\$32,592,000	52%	\$13,551,000	39%	\$36,141,500	39%	\$82,284,500	43%
total project financing	\$62,480,000	100%	\$35,140,000	100%	\$93,710,000	100%	\$191,330,000	100%
<small>This model and figures contained herein are estimates for discussion purposes only. Preparer makes no warranties, express or implied, as to the accuracy of the information or the reliability of the model or formulas contained herein; user/investor is responsible for verifying the information and bears risk for any inaccuracies.</small>								

Project hard and soft costs are not broken down. While this is typical for an overall plan, it does not provide estimates which would be useful for valuation purposes.

Consequently, it will be necessary to make estimates of soft costs or items that must be paid over the holding period such as real estate taxes, insurance and general maintenance.

The following expenses have been projected in the cash flow analysis:

Expenses

Typically expenses would include the following:

- Overhead and Marketing
- Real Estate Taxes –
- Insurance
- Maintenance Expenses

Expenses have been estimated based on experience in working with development projects. This estimate is 10% of development costs. In the years in which there is no cash flow a set amount has been estimated. This has been estimated at \$375,000 for Year 2 with annual increases projected at 5.0% throughout the holding period for the lump sum adjustments.

4601 MARKET STREET											
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
		YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
SOURCE		1	2	3	4	5	6	7	8	9	10
EXPENSES											
MANAGEMENT/MAINTENANCE*	10.0%	\$139,000	\$375,000	\$546,000	\$413,438	\$434,109	\$455,815	\$478,606	\$502,536	\$527,663	\$554,046
TOTAL FIXED EXPENSES & COSTS	10.0%	\$139,000	\$375,000	\$546,000	\$413,438	\$434,109	\$455,815	\$478,606	\$502,536	\$527,663	\$554,046

DISCOUNTED CASH FLOW ANALYSIS

Discounting

Discount Rate - The discount rate is used to convert the anticipated future cash flows to a present value. It reflects the risks and timing of the cash flows and can consist of equity or a blend of equity and debt position requirements.

The **PWC Real Estate Investor Survey** for Discount Rates for the most available quarter is exhibited below:

Real Estate Investor Survey - Discount Rates		
First Quarter 2018		
Property Type		Current
Apartments	Range	5.25% - 10.00%
	Average	7.23%
Regional Mall	Range	5.50 – 11.5%
	Average	7.60%
CBD Office	Range	5.25 – 9.0%
	Average	6.95%
Warehouse	Range	5.50 – 9.0%
	Average	6.55%
Source: Price Water House Coopers Real Estate Investor Survey		

The survey of all property types indicates the following ranges and averages:

Discount Rates Summary	Range	5.25%	11.50%
	Average	6.60%	7.60%

The subject is most similar in risk to office buildings and regional malls with higher risk. After considering all factors, a discount rate of 12.00% is indicated to convert future cash flows to a present value. This is based on the nature of the project and the estimated 10 year holding period,

Indicators

The chart below summarizes major indicators for the discounted cash flow as well as unit land values developed in the Sales Comparison Approach.

Indicators	Item	
10	Holding Period in Years	
12%	Discount Rate	
\$33	PV of the Land Per Square foot - C	Parking
\$80	PV of the Land Per Square foot - D	Retail
\$61	PV of the Land Per Square foot - E	Occupational
\$54	PV of the Land Per Square foot - F	2 Office Buildings
0%	Increase/decrease over holding period	
10%	Holding Costs - % or set amount	

Income Value

Net income throughout the holding period will be discounted on a yearly basis with a Present Value Factor (PVF), based upon the discount rate.

Discounted to present value, the value of the 10 year income stream indicates an amount of \$10,036,965, which we have rounded to \$10,000,000.

Reversion Value

Income producing properties typically provide two types of direct financial benefits including periodic income, plus future income obtained from the sale of the property at the end of the holding period, i.e., the reversion. The reversion is often a major portion of the total benefits received from an income producing property. In this instance, there is no reversion. In this case, there is no reversion.

Conclusion

It is important to note that the following cash flow is based on estimates and assumptions, which are subject to uncertainties, possible changes and variations depending upon future events. The projections are based on our judgment, given the facts and circumstances of the projected operations of the subject property. Competent management and normal property maintenance is assumed to continue during the holding period. The selection of the discount rate will be subject to the marketplace, as it may exist in the future.

The discounted cash flow is set forth on the following page.

DISCOUNTED CASH FLOW

		4601 MARKET STREET									
		INCOME IS FORECAST TO RISE ON A COMPOUNDED BASIS									
		RATE PER ANNUM IN %		0.00%							
		*VACANCY FORECAST AT		0%							
		HOLDING PERIOD - YEARS		10							
		EXPENSES FORECAST TO RISE ON A COMPOUNDED BASIS									
		RATE PER ANNUM IN %		5.0%							
		DISCOUNT RATE		12.00%							
		D - Proposed retail		C- Parking Area		E- Occupational				F- 2 Offices	

Conclusion

Based on the foregoing cash flow, a value by the Development Approach is indicated as summarized below:

SUMMARY INCOME APPROACH (DEVELOPMENT APPROACH)

DISCOUNTED CASH FLOW

\$10,000,000

RECONCILIATION AND FINAL VALUE ESTIMATE

The process of reconciliation involves the analysis of each approach to value. The quality of data applied the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

Value Indications

"As-Is"

<u>Cost Approach:</u>	Not Applicable
<u>Sales Comparison Approach:</u>	Part of Development Approach
<u>Income Approach:</u>	
<u>Development Approach –</u>	\$10,000,000
<u>Building and Land Values</u>	
<u>Discounted</u>	

Cost Approach

The Cost Approach was not applicable due to the age of the building and difficulty in estimating functional obsolescence and physical deterioration. Additionally, the market does not utilize this approach as an estimator of value.

Recent building sales were utilized to estimate the value of the existing improvements.

Recent land sales were utilized to estimate the value of the subject land as if divided for future development.

Income Approach (Developer's Approach)

A Development Approach was utilized. The indicated land values were discounted over a holding period. The value of the existing improvements was added to the discounted land value to arrive at a final value. Greatest weight is placed on the Income Approach (Development Approach).

VALUE CONCLUSIONS

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusion(s), as of June 7, 2018 for the "As-Is" value, subject to the Limiting Conditions and Assumptions of this appraisal. .

Reconciled Value(s): Premise: "As-Is" Interest: Fee Simple

Value Conclusion: **\$10,000,000**

TEN MILLION DOLLARS

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 197). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

Hypothetical Conditions:

- *None*

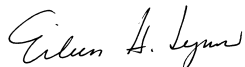
Extraordinary Assumptions:

- *None*

CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.*
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.*
- I have no present or contemplated future interest in the property that is the subject of this report, and have no personal interest or bias with respect to the parties involved.*
- I have performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.*
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.*
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.*
- My analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).*
- I have made a complete internal and external inspection of the property that is the subject of this report. Sam Mild, a Pennsylvania State certified general appraiser, also made an interior and exterior inspection.*
- Sam Mild, a Pennsylvania State Certified General Real Estate Appraiser, provided significant real property appraisal assistance to the person signing this certification.*
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.*
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.*
- As of the date of this report, Eileen H. Lynn, MAI, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.*



Eileen H. Lynn, MAI, AI-GRS, MRICS, R/W-AC
State Certified Real Estate Appraiser
Pennsylvania Certificate No. GA-000621-L

October 15, 2018

2018-018

E.H. LYNN & ASSOCIATES
Real Estate Appraising and Consulting

DEFINITIONS

Market Value

As defined by the Office of the Comptroller of Currency (OCC) under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions, the Board of Governors of the Federal Reserve System (FRS) and the Federal Deposit Insurance Corporation in compliance with Title XI of FIRREA, as well as by the Uniform Standards of Appraisal Practice as promulgated by the Appraisal Foundation, is as follows.

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby,

- 1. Buyer and seller are typically motivated;*
- 2. Both parties are well informed or well advised, and acting in what they consider their own best interest;*
- 3. A reasonable time is allowed for exposure in the open market;*
- 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

Fee Simple Interest

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.³

Leased Fee Interest

An ownership interest held by a landlord with the rights of use and occupancy conveyed by a lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Marketing Time

1. The time it takes an interest in real property to sell on the market sub-sequent to the date of an appraisal.
2. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.)³

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions")

Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal. In the case of disposition value, the time frame allowed for marketing the property rights is somewhat limited, but the marketing effort is orderly and adequate. With liquidation value, the time frame for marketing the property rights is so severely limited that an adequate marketing program cannot be implemented. (The Report of the Appraisal Institute Special Task Force on Value Definitions qualifies exposure time in terms of the three above-mentioned values.) See also marketing time.³

Gross Building Area (GBA) is the total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded. In the local market, gross building area excludes basement area, as in this appraisal.³

Rentable Area (RA) is the amount of space on which the rent is based; calculated according to local practice.³

Gross Leasable Area (GLA) the total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines, and measured from the center of interior partitioning to outside wall surfaces; the standard measure for determining the size of shopping centers where rent is calculated based on the GLA occupied. The area for which tenants pay rent. ³

As Is Value

The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. ³

Stabilized Value

1. A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods, when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value.
2. A value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a bonus or premium for material, the abnormal inefficiency of labor, the cost of delay or an excessive sale price, e.g., a premium paid due to a temporary shortage of supply. ³

In layman's terms, stabilized value is the prospective value of a property after construction has been completed and market occupancy and cash flow have been achieved.

As Complete Value

The prospective value of a property after all construction has been completed. This value reflects all expenditures for lease-up and occupancy that may be expected to have occurred at that point in time, which may or may not put the property at stabilized value. ³

LIMITING CONDITIONS AND ASSUMPTIONS

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

*All files, work papers and documents developed in connection with this assignment are the property of **E. H. LYNN & ASSOCIATES**. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.*

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise state in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, or for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

*The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) **E. H. LYNN & ASSOCIATES** regular per diem rate plus expenses.*

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

*A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. **E. H. LYNN & ASSOCIATES** has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value; however this has not been considered or analyzed in this appraisal.***

ADDENDUM

SUBJECT PHOTOGRAPHS



FRONT VIEWED FROM N. 46TH STREET



NORTHEAST CORNER

SUBJECT PHOTOGRAPHS



SOUTH WALL



SOUTHWEST CORNER DETAIL

SUBJECT PHOTOGRAPHS



POWER PLANT BUILDING



PAVED STREET LEVEL LOT ALONG MARKET ST FACING EAST

SUBJECT PHOTOGRAPHS



NORTH SECTION OF CAMPUS VIEWED FROM ROOF OF MAIN BUILDING



46TH ST ELEVATED TRAIN STATION VIEWED FROM FRONT OF SITE

SUBJECT PHOTOGRAPHS



N. 46TH ST FACING NORTH



N. 48TH ST FACING NORTH

SUBJECT PHOTOGRAPHS



MARKET ST FACING WEST



HAVERFORD AVE FACING WEST

SUBJECT PHOTOGRAPHS



FRONT DOOR



LOBBY

SUBJECT PHOTOGRAPHS



FIRST FLOOR



FIRST FLOOR CEILING DETAIL

SUBJECT PHOTOGRAPHS



FIRST FLOOR HALL



SECOND FLOOR CEILING DETAIL

SUBJECT PHOTOGRAPHS



SECOND FLOOR



ELEVATOR DOORS

SUBJECT PHOTOGRAPHS



THIRD FLOOR



FOURTH FLOOR

SUBJECT PHOTOGRAPHS



FOURTH FLOOR CEILING DETAIL



FIFTH FLOOR

SUBJECT PHOTOGRAPHS



PENTHOUSE ELEVATOR MOTOR



BASEMENT (GROUND FLOOR)

SUBJECT PHOTOGRAPHS



BASEMENT (GROUND FLOOR) ELECTRICAL CABINETS



SUB-BASEMENT STANDING WATER

SUBJECT PHOTOGRAPHS



BASEMENT (GROUND FLOOR) VAULT DOOR



ROOF

RESIDENTIAL STUDY

Studio and One Bedroom Rentals in Zip Code 19104.

Note that this is raw data exported from the Trend Multilist database, and the interior sq. ft. figures sometimes refer to gross building area.

Address	Rent	Date	Zip	InteriorSqFt	\$/sq ft	BR	BA	CentralAC	Garage
4232 Chestnut St Unit#1ST FR	\$650	1/31/2018	19104	3,310		0	1	N	N
3412 Spring Garden St Unit#A14	\$790	5/4/2018	19104	19,624		0	1	N	N
438 N 34th St Unit#2	\$875	7/19/2018	19104	450	\$1.94	0	1	Y	N
3813 Hamilton St Unit#3	\$900	7/8/2018	19104	500	\$1.80	0	1	N	N
3905-7 Baring St Unit#1A	\$600	7/9/2018	19104	400	\$1.50	0	1	Y	N
	\$763				\$1.75				
Address	Rent	Date	Zip	InteriorSqFt	\$/sq ft	BR	BA	CentralAC	Garage
4100 Ludlow St Unit#2S	\$1,350	2/24/2018	19104			1	1	Y	N
4100 Ludlow St Unit#2N	\$1,325	1/31/2018	19104			1	1	Y	N
517 N 38th St Unit#2ND FL	\$725	2/15/2018	19104	700	\$1.04	1	1	N	N
3925-29 Haverford Ave Unit#106	\$1,300	4/9/2018	19104	720	\$1.81	1	1	Y	N
3840 Haverford Ave	\$1,000	3/30/2018	19104	3,400		1	1	N	N
3840 Haverford Ave Unit#1	\$1,000	3/30/2018	19104			1	1	N	N
3840 Haverford Ave Unit#3	\$1,000	3/30/2018	19104			1	1	N	N
3856 Haverford Ave Unit#1	\$1,000	3/30/2018	19104			1	1	N	N
3924 Haverford Ave Unit#1	\$1,150	4/11/2018	19104			1	1	N	N
4217 Chestnut St Unit#506	\$1,350	6/1/2018	19104			1	2	Y	N
400-4 S 45th St Unit#0C	\$1,000	5/1/2018	19104	414	\$2.42	1	1	Y	N
4156 Leidy Ave Unit#1ST	\$585	6/22/2018	19104	3,002		1	1	N	N
400 S 45th St Unit#1C	\$1,295	6/5/2018	19104	420	\$3.08	1	1	Y	N
4300 Spruce St Unit#B204	\$1,495	6/1/2018	19104	857	\$1.74	1	1	Y	N
3905-7 Baring St Unit#1B	\$800	7/9/2018	19104	500	\$1.60	1	1	Y	N
3711 Lancaster Ave Unit#2W	\$875	7/20/2018	19104	1,980		1	1	N	N
	\$1,078				\$1.95				

Two Bedroom Rentals in Zip Code 19104.

Note that this is raw data exported from the Trend Multilist database, and the interior sq. ft. figures sometimes refer to gross building area.

Address	Rent	Date	Zip	InteriorSqFt	\$/sq ft	BR	BA	CentralAC	Garage
4215-17 Chestnut St Unit#203	\$2,000	6/15/2018	19104	756	\$2.65	2	2	Y	N
13 S 45th St	\$1,195	3/23/2018	19104	900	\$1.33	2	1	N	N
3800 Haverford Ave Unit#3RD FL	\$1,100	3/31/2018	19104	3,243		2	1	Y	N
400-4 S 45th St Unit#4B	\$1,595	2/1/2018	19104	825	\$1.93	2	2	Y	N
4138 Parrish St Unit#A	\$900	2/15/2018	19104	800	\$1.13	2	1	N	N
740 N 37th St Unit#1	\$950	5/1/2018	19104	964	\$0.99	2	1	Y	N
740 N 37th St Unit#2	\$770	7/2/2018	19104	964	\$0.80	2	1	Y	N
321 N Preston St Unit#1F	\$1,350	5/2/2018	19104	800	\$1.69	2	2	Y	N
3800 Haverford Ave Unit#1ST FL	\$1,150	3/5/2018	19104	3,243		2	1	Y	N
3800 Haverford Ave Unit#2ND FL	\$1,075	3/31/2018	19104	3,243		2	1	Y	N
3925-29 Haverford Ave Unit#105	\$1,600	6/19/2018	19104			2	2	Y	N
415 N 41st St Unit#C	\$1,400	6/25/2018	19104			2	3	Y	N
4007 Spring Garden St Unit#3	\$1,250	7/11/2018	19104	2,540		2	1	Y	N
3832 Baring St Unit#1	\$1,350	7/22/2018	19104	700	\$1.93	2	2	Y	N
4292 Parkside Ave Unit#1	\$1,250	5/17/2018	19104	1,788		2	1	Y	N
438 N 34th St	\$1,295	4/23/2018	19104	3,348		2	1	Y	N
17 S 44th St Unit#2	\$1,375	5/1/2018	19104	1,000		2	2	Y	N
3924 Wallace St	\$1,175	4/26/2018	19104	734	\$1.60	2	1	Y	N
4292 Parkside Ave Unit#2	\$1,250	7/10/2018	19104	1,788		2	1	Y	N
408 N 41st St Unit#B	\$1,400	7/16/2018	19104	2,898		2	2	Y	N
3828 Cambridge St Unit#2ND FL	\$750	4/24/2018	19104	700	\$1.07	2	1	N	N
4138 Parrish St Unit#A	\$1,748	6/10/2018	19104	800	\$2.19	2	1	N	N
4200 Pine St Unit#402	\$2,500	6/6/2018	19104	850	\$2.94	2	2	Y	N
605 N 34th St Unit#3	\$1,300	7/4/2018	19104	2,410		2	1	Y	N
4414 Walnut St Unit#G-2	\$1,500	7/12/2018	19104	12,240		2	1	N	N
3621 Spring Garden St Unit#2	\$1,800	7/15/2018	19104	2,700		2	2	Y	N
3621 Spring Garden St Unit#3	\$1,700	5/28/2018	19104	2,700		2	2	Y	N
400 S 45th St Unit#3C	\$1,685	7/15/2018	19104	615	\$2.74	2	1	Y	N
546 S 45th St	\$1,295	7/13/2018	19104	5,330		2	1	Y	N
4216 Baltimore Ave Unit#2	\$1,500	7/1/2018	19104	3,840		2	1	N	N
949 N 45th St	\$950	7/16/2018	19104	988	\$0.96	2	1	Y	N
	\$1,360				\$1.71				

Three and Four Bedroom Rentals in Zip Code 19104.

Note that this is raw data exported from the Trend Multilist database, and the interior sq. ft. figures sometimes refer to gross building area.

Address	Rent	Date	Zip	InteriorSqFt	\$/sq ft	BR	BA	CentralAC	Garage
415 N 41st St Unit#D	\$1,700	4/25/2018	19104			3	3	Y	N
4005 Powelton Ave Unit#1	\$1,300	5/1/2018	19104	1,100	\$1.18	3	2	Y	N
4019 Spring Garden St Unit#1	\$1,195	2/25/2018	19104	900	\$1.33	3	1	Y	N
4100 Ludlow St Unit#1S	\$2,195	6/1/2018	19104			3	3	Y	N
4100 Ludlow St Unit#1N	\$2,195	7/1/2018	19104			3	3	Y	N
4100 Ludlow St Unit#3S	\$2,595	5/1/2018	19104			3	3	Y	N
4100 Ludlow St Unit#3N	\$2,775	7/1/2018	19104			3	3	Y	N
319 N Preston St Unit#3	\$1,595	5/9/2018	19104	1,000	\$1.60	3	2	Y	N
408 N 41st St Unit#C	\$1,800	7/16/2018	19104	2,898		3	2	Y	N
3503 Haverford Ave Unit#C	\$2,100	5/9/2018	19104			3	3	Y	N
17 S 44th St Unit#4	\$1,750	6/3/2018	19104	1		3	2	Y	N
415 N 41st St Unit# B	\$1,500	6/11/2018	19104			3	3	Y	N
27 University Mews	\$2,500	3/1/2018	19104	2,052	\$1.22	3	3	Y	Y
4238 Powelton Ave	\$1,900	5/1/2018	19104	1,272	\$1.49	3	2	Y	N
3850 Olive St	\$1,035	3/1/2018	19104	1,026	\$1.01	3	1	N	N
3202 Hamilton St Unit#1	\$2,400	4/9/2018	19104	2,377	\$1.01	3	2	Y	N
3924 Haverford Ave Unit#2	\$1,425	4/3/2018	19104			3	2	Y	N
431 N Budd St	\$1,500	4/23/2018	19104	1,208	\$1.24	3	2	Y	N
26 N Preston St	\$1,385	4/12/2018	19104	1,656	\$0.84	3	2	Y	N
3204 Hamilton St	\$2,300	4/9/2018	19104	2,377	\$0.97	3	2	Y	N
4411 Fairmount Ave	\$1,500	6/30/2018	19104	1,440	\$1.04	3	2	Y	N
3409 Fairmount Ave	\$1,200	5/1/2018	19104	840	\$1.43	3	3	Y	N
629 N 32nd St	\$2,000	6/11/2018	19104	2,667	\$0.75	3	2	Y	N
4315 Brown St	\$1,250	5/25/2018	19104	1,232	\$1.01	3	1	N	N
507 N 40th St Unit#1	\$1,195	7/6/2018	19104			3	1	N	N
432 N 37th St	\$2,850	7/17/2018	19104	2,187	\$1.30	3	4	Y	N
	\$1,813				\$1.16				
Address	Rent	Date	Zip	InteriorSqFt	\$/sq ft	BR	BA	CentralAC	Garage
333 N Saunders Ave	\$1,195	2/1/2018	19104	1,884	\$0.63	4	2	N	N
4033 Green St	\$1,750	5/30/2018	19104	2,024	\$0.86	4	2	Y	N
607 N 44th St	\$1,500	6/1/2018	19104	1,533	\$0.98	4	2	Y	Y
408 N 41st St Unit#A	\$2,200	7/17/2018	19104			4	2	Y	N
3503 Haverford Ave Unit#A	\$2,500	6/5/2018	19104			4	2	Y	N
683 N 34th St	\$1,995	4/23/2018	19104	1,560	\$1.28	4	2	Y	N
3621 Spring Garden St Unit#1	\$1,800	6/16/2018	19104	2,700	\$0.67	4	4	Y	N
4149 Cambridge St	\$1,475	7/10/2018	19104	1,984	\$0.74	4	3	Y	N
605 N 34th St Unit#1	\$2,200	7/21/2018	19104	2,410	\$0.91	4	3	Y	N
	\$1,846				\$0.87				

Studio, One and Two Bedroom Rentals in Zip Code 19139.

Note that this is raw data exported from the Trend Multilist database, and the interior sq. ft. figures sometimes refer to gross building area.

Address	Rent	Date	Zip	InteriorSq	Rent/SF	BR	BA	CentralAC	Garage
329 N 64th St	\$750	6/7/2018	19139	2,270		0	1	N	N
Address	Rent	Date	Zip	InteriorSq	Rent/SF	BR	BA	CentralAC	Garage
5112 Spruce St Unit#C2ND R	\$985	3/31/2018	19139	1,728		1	1	N	N
5033 Walnut St Unit#2ND FL	\$750	4/3/2018	19139	2,250		1	1	N	N
108 S Peach St Unit#1	\$800	6/14/2018	19139	1,200	\$0.67	1	1	N	N
878 N 47th St Unit#1ST FL	\$600	6/1/2018	19139	700	\$0.86	1	1	N	N
5418 Irving St Unit#2ND FL	\$700	6/15/2018	19139	1,500	\$0.47	1	1	N	N
5748 Chestnut St	\$850	7/1/2018	19139	2,592		1	1	N	N
	\$781				\$0.66				
Address	Rent	Date	Zip	InteriorSq	Rent/SF	BR	BA	CentralAC	Garage
5004 Spruce St Unit#3	\$1,180	2/23/2018	19139	2,278		2	1	Y	N
5004 Spruce St Unit#2	\$1,075	2/15/2018	19139	2,278		2	1	Y	N
5019 Walnut St Unit#C	\$800	4/30/2018	19139	2,070		2	1	N	N
5108 Haverford Ave	\$700	2/13/2018	19139	2,124		2	1	N	N
3 N 50th St Unit#3RD FL	\$1,100	3/28/2018	19139	2,668		2	1	N	N
137 S 50th St Unit#2	\$950	4/1/2018	19139			2	1	N	N
329 N 64th St	\$950	5/1/2018	19139	2,270		2	1	N	N
327 N 64th St	\$850	3/5/2018	19139	2,028		2	1	N	N
5651 Appletree St	\$875	3/30/2018	19139	752	\$1.16	2	1	N	N
5033 Walnut St Unit#1ST FL	\$850	3/30/2018	19139	2,250		2	1	N	N
5031 Walnut St Unit#1ST FL	\$850	3/30/2018	19139	2,250		2	1	N	N
6124 W Locust St Unit#2ND FL	\$825	4/30/2018	19139	850	\$0.97	2	1	N	N
202 N 58th St Unit#2ND FL	\$800	4/16/2018	19139	1,390		2	1	N	N
4628 Sansom St Unit#A	\$1,300	6/10/2018	19139	2,760		2	1	N	N
232 S 46th St Unit#2	\$1,130	7/15/2018	19139	2,550		2	1	N	N
5634 Walnut St	\$900	7/18/2018	19139	2,544		2	1	N	N
37 N 63rd St	\$950	7/1/2018	19139	2,462		2	1	N	N
	\$946				\$1.07				

Studio, One and Two Bedroom Rentals in Zip Code 19139.

Note that this is raw data exported from the Trend Multilist database, and the interior sq. ft. figures sometimes refer to gross building area.

Address	Rent	Date	Zip	InteriorSq	Rent/SF	BR	BA	CentralAC	Garage
30 N Hirst St	\$995	5/1/2018	19139	922	\$1.08	3	1	N	N
149 S 61st St	\$1,200	2/1/2018	19139	1,200	\$1.00	3	1	N	N
40 N Robinson St	\$925	4/15/2018	19139	1,112	\$0.83	3	1	N	N
244 N Hobart St	\$975	3/6/2018	19139	1,060	\$0.92	3	1	N	N
4941 Locust St	\$1,250	3/18/2018	19139	2,160		3	1	N	N
25 N Conestoga St	\$900	3/10/2018	19139	740	\$1.22	3	1	N	N
314 N Robinson St	\$1,100	6/15/2018	19139	1,290	\$0.85	3	2	N	N
254 S Saint Bernard St	\$1,650	3/25/2018	19139	1,440	\$1.15	3	2	N	Y
447 N Wilton St	\$1,090	2/20/2018	19139	990	\$1.10	3	2	N	N
5148 Chancellor St	\$1,000	3/7/2018	19139	1,200	\$0.83	3	1	N	N
155 N Conestoga St	\$1,100	3/5/2018	19139	1,084	\$1.01	3	1	N	N
156 N Edgewood St	\$1,100	3/20/2018	19139	1,088	\$1.01	3	1	N	N
264 S Frazier St	\$1,150	4/20/2018	19139	1,320	\$0.87	3	2	N	N
317 N Wilton St	\$900	3/1/2018	19139	1,320	\$0.68	3	1	N	N
6020 Walnut St	\$1,000	3/24/2018	19139	1,280	\$0.78	3	1	N	N
6404 Carlton St	\$1,150	3/9/2018	19139	1,362	\$0.84	3	1	N	N
470 N Dearborn St	\$900	4/1/2018	19139	944	\$0.95	3	1	N	N
6026 Market St Unit##2	\$1,025	7/5/2018	19139	800	\$1.28	3	1	Y	N
6026 Market St Unit##3	\$930	6/14/2018	19139	800	\$1.16	3	1	Y	N
6026 Market St Unit##1	\$1,200	5/14/2018	19139	800	\$1.50	3	1	Y	N
727 N 49th St	\$1,200	6/1/2018	19139	1,046	\$1.15	3	2	N	Y
5131 Ranstead St	\$1,095	5/14/2018	19139	1,050	\$1.04	3	2	N	N
24 S 55th St	\$1,175	7/1/2018	19139	1,350	\$0.87	3	2	Y	N
269 S Cecil St	\$1,200	6/1/2018	19139	1,140	\$1.05	3	2	Y	N
	\$1,092				\$1.01				
Address	Rent	Date	Zip	InteriorSq	Rent/SF	BR	BA	CentralAC	Garage
153 N Peach St	\$1,400	7/5/2018	19139	1,190	\$1.18	4	2	N	N

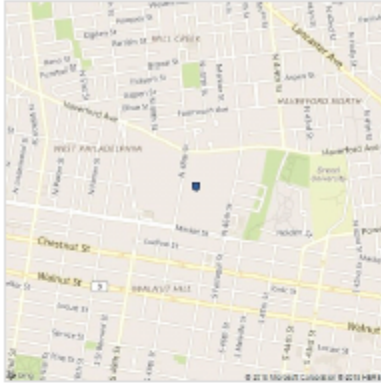
PUBLIC RECORDS

4601 Market St, Philadelphia, PA 19139 4636

Philadelphia

Tax ID 774608200

Public Records



Summary Information

Owner:	City Of Philadelphia Department Of Public Prop	Property Class:	Commercial
Owner Address:	Rm 790 City Hall	Record Date:	06/30/14
Owner City State:	Philadelphia Pa	Settle Date:	05/21/14
Owner Zip+4:	19107-3362	Sale Amount:	\$4,000,000
Owner Carrier Rt:	C028		

Geographic Information

County:	Philadelphia, PA	Lot:	173
Municipality:	Philadelphia	Census:	0105.003
High Sch Dist:	Philadelphia City	Annex:	
Tax ID:	774608200	Qual Code:	
Tax Map:	60N11		
Ward:	77		
Old Tax ID:	883080810		

Assessment & Tax Information

Tax Year:	2018	Water District:	0	Total Bldg Asmt:	\$93,003,504
Asmt As Of:	3/1/2017	Exempt Total Asmt:	\$105,685,800	Total Asmt:	\$105,685,800
Fire District:	0			Garbage District:	0
Light District:	0			Exempt Land Asmt:	\$12,682,296
Exempt Bldg Asmt:	\$93,003,504			Assessors Total Mkt:	\$105,685,800
Mkt Val As Of:	2017-03-01				

Lot Characteristics

Frontage:	770.00	Sq Ft:	873,005	Zoning:	CMX3
Depth:	541.00	Acres:	20.04	Shape:	Irregular
		Topography:	Level		

Building Characteristics

Bldg Sq Ft:	374,105	Exterior:	Masonry	Year Built:	1929
Stories:	5.00				

Codes & Descriptions

Land Use: DE0 Comm: Ofc Bldg w/ Pkg, No Comm Area, Masonry

MLS History

Tax History

Annual Tax Amounts					Annual Assessment			
Year	County	Municipal	School	Annual	Land Building	Ttl Taxable	Total Land	Total Bldg Total Asmt
2018							\$12,682,29	\$93,003,50 \$105,685,8
2017							\$13,095,10	\$86,042,70 \$99,137,80

2016		\$13,095,10 \$86,042,70 \$99,137,80
2015		\$13,095,10 \$86,042,70 \$99,137,80
2013		\$500,000 \$620,000 \$1,120,000

Sale & Mortgage

Record Date: 06/30/2014 Book:
 Settle Date: 05/21/2014 Page:
 Sales Amt: \$4,000,000 Doc Num: 52798726
 Sale Remarks:
 Owner Names: City Of Philadelphia Department Of
 Public Prop

Record Date: 08/31/2009 Book:
 Settle Date: 05/02/2009 Page:
 Sales Amt: \$3 Doc Num: 52112088
 Sale Remarks: Nominal
 Owner Names: Philadelphia Authority Fo

Flood Report

Flood Zone in Center of Parcel: **X**
 Flood Code Desc: **Zone X-An area that is determined to be outside the 100- and 500-year floodplains.**
 Flood Zone Panel: **4207570179G** Panel Date: **01/17/2007**
 SFHA Definition: **Out** Special Flood Hazard Area (SFHA): **Out**
 Within 250 feet of multiple flood zone:

Property History

Source	Category	Status	Date	Price	Owner
Public Records		Settle Date	05/21/2014	\$4,000,000	City Of Philadelphia Department C Public Prop
Public Records		Settle Date	05/02/2009	Nominal	Philadelphia Authority Fo

The data in this report is compiled by TREND from various public and private sources. The data on this report is not a legal flood determination. Errors may exist in any field on this report, including owner's name, tax amounts, mortgage history, and property characteristics. Verify the accuracy of all data with the county or municipality.


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Search Criteria

Street Number is 4601
 Street Name is like 'market*'
 County is 'Philadelphia, PA'
 Selected 2 of 2 results.

CITY OF PHILADELPHIA – RECORDS

OFFICE OF PROPERTY ASSESSMENT



City of
Philadelphia

Property

Property / 4601 MARKET ST

Translate

4601 MARKET ST
Philadelphia, PA 19139-4636

Address

1234 Market St

Unit #

Q

OWNER

CITY OF
PHILADELPHIA
DEPARTMENT OF
PUBLIC PROP

MAILING ADDRESS
DEPARTMENT OF PUBLIC
PROP
RM 790 CITY HALL
PHILADELPHIA PA
19107

REAL ESTATE TAX BALANCE

Real Estate Tax account balances have not yet been added to this application.

VIEW THE TAX BALANCE

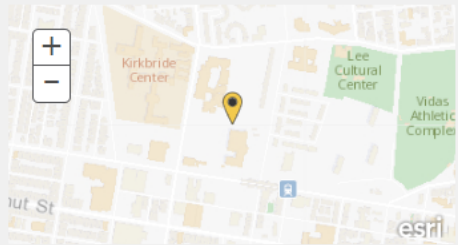
VALUATION HISTORY

Year	Market Value	Taxable Land	Taxable Improvement	Exempt Land	Exempt Improvement
2019	\$105,685,800	\$0	\$0	\$12,682,300	\$93,003,500
2018	\$105,685,800	\$0	\$0	\$12,682,296	\$93,003,504
2017	\$99,137,800	\$0	\$0	\$13,095,100	\$86,042,700
2016	\$99,137,800	\$0	\$0	\$13,095,100	\$86,042,700
2015	\$99,137,800	\$0	\$0	\$13,095,100	\$86,042,700
2014	\$99,137,800	\$0	\$0	\$13,095,100	\$86,042,700
2013	\$3,500,000	\$0	\$0	\$500,000	\$620,000

SALES DETAILS

SALES PRICE
\$4,000,000

SALES DATE
5/20/2014



See in Google Street View

OPA ACCOUNT
774608200

HOMESTEAD EXEMPTION
No

DESCRIPTION
OFF BLD N/COM W/PKG MASON

CONDITION
Vacant

BEGINNING POINT
NWC 46TH ST

LAND AREA (SQFT)
873,005

IMPROVEMENT AREA (SQFT)
374,105

ZONING
CMX-3

[See related zoning permit documents](#)

Zoning data source: Planning and Development

CORRECTIONS OR QUESTIONS ABOUT THIS INFORMATION?

School Catchment

ELEMENTARY SCHOOL

Locke

MIDDLE SCHOOL

Locke

HIGH SCHOOL

West Phila HS

Political

COUNCILMANIC DISTRICT (2016)

3

WARD

6

WARD DIVISIONS

0606

Public Safety

POLICE DISTRICT

16

POLICE PUBLIC SERVICE AREA

162

POLICE DIVISION

SWPD

Districts

PLANNING

West

LICENSES AND INSPECTIONS (L+I)

West

CENSUS TRACT (2010)

010500

CENSUS BLOCK GROUP (2010)

3

COMMERCIAL CORRIDOR

n/a

Streets

HIGHWAY DISTRICT

1

HIGHWAY SECTION

1F

HIGHWAY SUBSECTION

1F3

STREET LIGHT ROUTES

15

TRAFFIC DISTRICT

2

TRAFFIC PM DISTRICT

2119

TRASH & RECYCLING DAY

Tuesday

LEAF COLLECTION DAY

Saturday Bag Dropoff

RECYCLING DIVERSION RATE

15.7%

SANITATION AREA

1

SANITATION DISTRICT

1B



PERMIT NUMBER: 547735
BP_DEMO

phila.gov / L&I Property History Search / L&I Property History Results / 4601 MARKET ST



OWNER
CITY OF PHILADELPHIA
DEPARTMENT OF PUBLIC PROP

MAILING ADDRESS
4601 MARKET ST
19139 - 4636

Address...



PERMIT DETAILS

Permit Number

547735

Application Type

DEMOLITION PERMIT

Permit Type

DEM-INTERIOR NON-LOAD BEARING

Date Issued

Tue Jul 22 2014

Work Description

361,000 SQUARE FEET, INTERIOR DEMOLITION OF NON LOAD BEARING WALLS AND CEILINGS ONLY. NO OTHER WORK ALLOWED UNDER THIS PERMIT. NO STRUCTURAL CHANGES. THREE SETS OF PLANS DRAWN TO PROFESSIONAL QUALITY ARE TO BE SUBMITTED FOR REVIEW AND APPROVAL BY THE DEPARTMENT BEFORE WORK ON RENOVATION STARTS. CONTACT STREETS DEPARTMENT FOR DUMPSTER PERMIT AND FOOTWAY CLOSURE PERMITS.

Status

COMPLETED

Contractor Information

USA ENVIRONMENTAL MANAGEMENT
8436 ENTERPRISE AVE
PHILA, PA 19153-

DEED
INCLUDES EXCLUDED PARKING LOTS

eRecorded in Philadelphia PA Doc Id: 52798726
06/30/2014 04:52PM Receipt#: 1379088
Page 1 of 8 Rec Fee: \$235.00
Commissioner of Records Doc Code: D
State RTT: \$0.00 Local RTT: \$0.00

PREPARED BY:

Ilene S. Burak, Esq.
PIDC
2600 Centre Square West
1500 Market Street
Philadelphia, PA 19102

AFTER RECORDING, RETURN TO:

Terry Garfinkel, Esquire
City of Philadelphia
Law Department
1515 Arch Street, 17th Floor
Philadelphia, PA 19102

668437
Record and Return To:
First American Title Insurance Co.
Two Liberty Place, Suite 3010
50 South 16th Street
Philadelphia, PA 19102

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED is made the 21st day of May, 2014

BETWEEN

PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT, a corporate and body politic duly formed and existing under the laws of the Commonwealth of Pennsylvania, with a mailing address of 2600 Centre Square West, 1500 Market Street, Philadelphia, PA 19102 ("Grantor"),

AND

THE CITY OF PHILADELPHIA, acting by and through its **DEPARTMENT OF PUBLIC PROPERTY** ("Grantee").

WITNESSETH, that the said Grantor for and in consideration of the sum of Four Million and 00/100 Dollars (\$4,000,000.00) lawful money of the United States of America, unto it well and truly paid by the said Grantee, at or before the sealing and delivery hereof, the receipt

whereof is hereby acknowledged, has granted, bargained and sold, ratified and confirmed, and by these presents does grant, bargain and sell, ratify and confirm unto the said Grantee, its successors and assigns,

ALL THOSE CERTAIN tracts or parcels of land with the buildings and improvements thereon erected, situate in the City of Philadelphia and Commonwealth of Pennsylvania, as described more fully on **Exhibit "A"** attached hereto and made a part hereof.

UNDER AND SUBJECT to any covenants, conditions, easements and restrictions as may appear of record, without reimposition of the same.

TOGETHER with all and singular the buildings, improvements, ways, waters, water courses, rights, liberties, privileges, hereditaments and appurtenances whatsoever thereunto belonging, or in anywise appertaining, and the reversions and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, property, claim and demand whatsoever of the Grantor, its successors and assigns, in law, equity or otherwise, of, in and to the same, and every part thereof.

TO HAVE AND TO HOLD the said lot or piece of ground, with the buildings and improvements thereon erected, the hereditaments and premises hereby granted, or mentioned and intended so to be, with the appurtenances, unto said Grantee, its successors and assigns, to and for the only proper use and behoof of said Grantee, its successors and assigns, forever.

UNDER AND SUBJECT as aforesaid.

AND THE GRANTOR, for itself and its successors, does covenant, promise and agree, to and with the said Grantee, its successors and assigns, by these presents, that it, the said Grantor and its successors, all and singular the hereditaments and premises hereinabove described and granted, or mentioned and intended so to be, with the appurtenances, unto the said Grantee, its successors and assigns, against it, the said Grantor and its successors, and against all and every person or persons whomsoever lawfully claiming or to claim the same or any part thereof, by, from or under it, them or any of them, shall and will subject as aforesaid, **WARRANT** and forever **DEFEND**.

[Signature on Following Page.]

IN WITNESS WHEREOF, Grantor has caused this Special Warranty Deed to be executed on the day and year first above written.

**PHILADELPHIA AUTHORITY FOR
INDUSTRIAL DEVELOPMENT**

By: 

Thomas A.K. Queenan, Chairman

COMMONWEALTH OF PENNSYLVANIA:

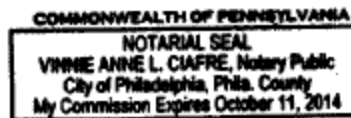
COUNTY OF PHILADELPHIA:

ON THIS the 21st day of MAY 2014, before me, the undersigned officer, personally appeared Thomas A.K. Queenan, who acknowledged himself to be the Chairman of PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT, and that he as such Chairman, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Authority by himself as Chairman.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

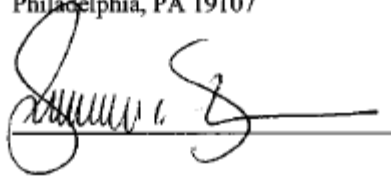

Notary Public

My Commission Expires: 10/11/2014



I hereby certify that the correct address of the above-named Grantee is:

The City of Philadelphia
Department of Public Property
Room 790
City Hall
Philadelphia, PA 19107

A handwritten signature in black ink, appearing to read "Shelly R. Smith", is written over a horizontal line.

Approved as to form:
Shelly R. Smith, City Solicitor

By: 
Deputy City Solicitor

Exhibit A

Legal Description

ALL THAT CERTAIN lot or piece of ground together with the buildings and improvements thereon erected, situate in the 6th Ward of the City of Philadelphia and described in accordance with a plan of property prepared by Barton and Martin Engineers dated February 24, 1997.

Beginning at the point of intersection of the Northerly side of Market Street (100 feet wide) with the Westerly side of 46th Street (80 feet wide at this point); thence from said point of beginning extending North 78 degrees 59 Minutes 00 seconds West, along the said Northerly side of Market Street, 770.012 feet to the Easterly side of 48th Street (80 feet wide); thence extending North 12 degrees 00 minutes 40.75 seconds East, along the said Easterly side of 48th Street, 1,187.487 feet to a point on the Southerly side of Haverford Avenue (80 feet wide); thence extending South 78 degrees 50 minutes 30.25 seconds East, along the said Southerly side of Haverford Avenue, 150.061 feet to an angle point; thence extending North 86 degrees 17 minutes 29.75 seconds East, along the said Southerly side of Haverford Avenue 496.854 feet to a point; thence extending South 12 degrees 22 minutes 46 seconds West 628.941 feet to a point; thence extending South 77 degrees 37 minutes 14 seconds East 150.000 feet to a point on the Westerly side of 46th Street (80 feet wide at this point); thence extending South 12 degrees 22 minutes 46 seconds West, along the said Westerly side of 46th Street, 681.091 feet to the point and place of beginning.

Containing in Area 20.04144 Acres.

BEING known as 4601 Market Street.

BEING the same premises which Urban Education Development Research and Retreat Center, a Pennsylvania Non-Profit Corporation by Deed dated May 2, 2009 and recorded August 31, 2009, in the Philadelphia Department of Records as Document No. 52112088, granted and conveyed to the Philadelphia Authority for Industrial Development, in fee.

EXCEPTING THEREFROM AND THEREOUT the lot or piece of ground described below with the buildings and improvements thereon erected which Urban Education Development Research and Retreat Center, a Pennsylvania Non-Profit Corporation, by Deed dated November 1, 2004 and recorded in the Philadelphia Department of Records on November 10, 2004 as Document No. 51054254, granted and conveyed unto the City of Philadelphia, in fee.

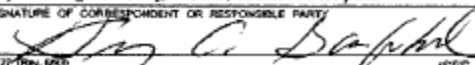
ALL THAT CERTAIN lot or piece of ground together with the buildings and improvements thereon erected SITUATE in the 6th Ward of the City of Philadelphia and described in accordance with a plan of property prepared by Barton and Martin Engineers, a division of Vollmer Associates dated August 16, 2004.

BEGINNING at a point of intersection of the Easterly side of 48th Street (80 feet wide) and the Southerly side of Haverford Avenue (80 feet wide); thence from said point of beginning, extending the following five (5) courses and distances:

- 1) Along the said side of Haverford Avenue South 78 degrees 50 minutes 30.25 seconds East 150.061 feet to an angle point;
- 2) Continuing along the said side of Haverford Avenue North 86 degrees 17 minutes 29.75 seconds East 186.093 feet to a point;
- 3) South 12 degrees 00 minutes 40.75 seconds West 698.860 feet to a point;
- 4) North 77 degrees 59 minutes 19.25 seconds West 329.177 feet to a point on the said side of 48th Street;
- 5) Along the said side of 48th Street North 12 degrees 00 minutes 40.75 seconds East 646.207 feet to the first mentioned point and place of beginning.

CONTAINING in area 5.00 acres.

SAID excluded parcel being known as 91 North 48th Street.

PHILADELPHIA REAL ESTATE TRANSFER TAX CERTIFICATION		BOOK NO. <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>	PAGE NO. <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>
		DATE RECORDED <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>	CITY TAX PAID <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>
<small>Complete each section and file in duplicate with Recorder of Deeds when (1) the full consideration/value is/are not set forth in the deed, (2) when the deed is with consideration, or by gift, or (3) a tax exemption is claimed. If more space is needed, attach additional sheet(s).</small>			
A. CORRESPONDENT — All inquiries may be directed to the following person:			
NAME Terry A. Garfinkel, Deputy City Solicitor, City of Philadelphia Law Department		TELEPHONE NUMBER AREA CODE <div style="border: 1px solid black; width: 40px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; display: inline-block;"></div>	
STREET ADDRESS 1515 Arch Street		CITY Philadelphia	STATE Pa
		ZIP CODE 19102	
B. TRANSFER DATA			
GRANTOR(S)/LESSOR(S) Philadelphia Authority for Industrial Develop		DATE OF ACCEPTANCE OF DOCUMENT GRANTEE(S)/LESSEE(S) City of Philadelphia	
STREET ADDRESS 1500 Market Street		STREET ADDRESS Department of Public Property, Room 790 City Hall	
CITY Philadelphia	STATE Pa	ZIP CODE 19102	CITY Philadelphia
			STATE Pa
			ZIP CODE 19107
C. PROPERTY LOCATION			
STREET ADDRESS 4601 Market Street		CITY/TOWNSHIP/BOROUGH Philadelphia	
COUNTY Philadelphia	SCHOOL DISTRICT Philadelphia	TAX PARCEL NUMBER 77-4608200	
D. VALUATION DATA			
1. ACTUAL CASH CONSIDERATION \$4,000,000.00	2. OTHER CONSIDERATION +	3. TOTAL CONSIDERATION = \$4,000,000.00	
4. COUNTY ASSESSED VALUE \$99,137,800.00	5. COMMON LEVEL RATIO FACTOR X 1.00	6. FAIR MARKET VALUE = \$99,137,800.00	
E. EXEMPTION DATA			
1A. PERCENTAGE OF EXEMPTION 100.0		1B. PERCENTAGE OF INTEREST CONVEYED 100.0	
2. Check Appropriate Box Below for Exemption Claimed			
<input type="checkbox"/> Will or intestate succession (NAME OF DECEDENT) (ESTATE FILE NUMBER)			
<input type="checkbox"/> Transfer to Industrial Development Agency.			
<input type="checkbox"/> Transfer to agent or straw party. (Attach copy of agency/straw party agreement).			
<input type="checkbox"/> Transfer between principal and agent. (Attach copy of agency/straw trust agreement). Tax paid prior deed \$			
<input type="checkbox"/> Transfers to the Commonwealth, the United States, and Instrumentalities by gift, dedication, condemnation or in lieu of condemnation. (Attach copy of resolution).			
<input type="checkbox"/> Transfer from mortgagor to a holder of a mortgage in default. Mortgage Book Number Page Number Mortgagee (grantor) sold property to Mortgagor (grantee) (Attach copy of prior deed).			
<input type="checkbox"/> Corrective deed (Attach copy of the prior deed).			
<input checked="" type="checkbox"/> Other (Please explain exemption claimed, if other than listed above.) § 19-1404. Exempt Parties			
<div style="border: 1px solid black; height: 20px; width: 100%;"></div>			
<div style="border: 1px solid black; height: 20px; width: 100%;"></div>			
<small>Under penalties of law or ordinance, I declare that I have examined this Statement, including accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.</small>			
SIGNATURE OF CORRESPONDENT OR RESPONSIBLE PARTY 		DATE 6/24/14	

REV-183 EX (04-10)



REALTY TRANSFER TAX STATEMENT OF VALUE

See reverse for instructions.

RECORDER'S USE ONLY

State Tax Paid
Book Number
Page Number
Date Recorded

Complete each section and file in duplicate with Recorder of Deeds when (1) the full value/consideration is not set forth in the deed, (2) the deed is without consideration or by gift, or (3) a tax exemption is claimed. A Statement of Value is not required if the transfer is wholly exempt from tax based on family relationship or public utility easement. If more space is needed, attach additional sheets.

A. CORRESPONDENT - All inquiries may be directed to the following person:

Name	Telephone Number:		
Terry A. Garfinkel, Deputy City Solicitor, City of Philadelphia Law Department			
Mailing Address	City	State	ZIP Code
1515 Arch Street	Philadelphia	Pa	19102

B. TRANSFER DATA

Grantor(s)/Lessor(s)	Grantee(s)/Lessee(s)		
Philadelphia Authority for Industrial Development	City of Philadelphia		
Mailing Address	Mailing Address		
1500 Market Street	Department of Public Property, Room 790 City Hall		
City	City	State	ZIP Code
Philadelphia	Philadelphia	Pa	19107

D. REAL ESTATE LOCATION

Street Address	City, Township, Borough	
4601 Market Street	Philadelphia	
County	School District	Tax Parcel Number
Philadelphia	Philadelphia	77-4608200

E. VALUATION DATA - WAS TRANSACTION PART OF AN ASSIGNMENT OR RELOCATION? ☐ Y ☒ N

1. Actual Cash Consideration	2. Other Consideration	3. Total Consideration
4,000,000.00	+	= 4,000,000.00
4. County Assessed Value	5. Common Level Ratio Factor	6. Fair Market Value
99,137,800.00	X 1.00	= 99,137,800.00

F. EXEMPTION DATA

1a. Amount of Exemption Claimed	1b. Percentage of Grantor's Interest in Real Estate	1c. Percentage of Grantor's Interest Conveyed
100.00	100	100

Check Appropriate Box Below for Exemption Claimed.

- ☐ Will or intestate succession. _____ (Name of Decedent) _____ (Estate File Number)
- ☐ Transfer to a trust. (Attach complete copy of trust agreement identifying all beneficiaries.)
- ☐ Transfer from a trust. Date of transfer into the trust _____
If trust was amended attach a copy of original and amended trust.
- ☐ Transfer between principal and agent/straw party. (Attach complete copy of agency/straw party agreement.)
- ☐ Transfers to the commonwealth, the U.S. and instrumentalities by gift, dedication, condemnation or in lieu of condemnation. (If condemnation or in lieu of condemnation, attach copy of resolution.)
- ☐ Transfer from mortgagor to a holder of a mortgage in default. (Attach copy of mortgage and note/assignment.)
- ☐ Corrective or confirmatory deed. (Attach complete copy of the deed to be corrected or confirmed.)
- ☐ Statutory corporate consolidation, merger or division. (Attach copy of articles.)
- ☒ Other (Please explain exemption claimed.) _____

Title 61 section 91.192. Excluded parties.

Under penalties of law, I declare that I have examined this statement, including accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Correspondent or Responsible Party	Date
	6/26/14

FAILURE TO COMPLETE THIS FORM PROPERLY OR ATTACH REQUESTED DOCUMENTATION MAY RESULT IN THE RECORDER'S REFUSAL TO RECORD THE DEED.

CREDENTIALS

EILEEN H. LYNN, MAI, AI-GRS, MRICS, R/W-AC

Real Estate Appraising and Consulting

STATEMENT OF QUALIFICATIONS



EILEEN H. LYNN, MAI, AI-GRS, MRICS, R/W-AC

**PA-NJ-DE
CERTIFIED GENERAL APPRAISER**

**3200 SCHOOL HOUSE LANE
PHILADELPHIA, PA 19144
TELEPHONE: 215-842-0649**

ELECTRONIC: EileenHLynn@aol.com

APPRAISAL/ CONSULTING EXPERIENCE

July 2017 – June 2019	Consultant for Philadelphia Airport System
August 2001 – Present	E. H. Lynn & Associates, all types of commercial, industrial, special use and residential appraising and consulting as well as review of commercial appraisals.
November 2010 – 2022	Appointment to Board of View City of Philadelphia hearing condemnation cases
August 2003 – June 2010	Consultant for Philadelphia Airport System
July 1994 to November 2010	Consultant to Board of Revision of Taxes/Office of Property Assessment, City of Philadelphia
April 1988 - August 2001	Associate Fee Appraiser with Benchmark Appraisal Group, Ltd. appraising all types of real estate. Philadelphia, Pennsylvania
April 1987 – April 1988	Reaves C. Lukens, Company, Senior Appraiser, Philadelphia, Pennsylvania
July 1985 - April 1987	AMAGA, Inc., Vice-President Development Co., Wilmington, Delaware
June 1980 - July 1985	City of Wilmington, Chief of Real Estate, Wilmington, Delaware

DESIGNATIONS

- **The Appraisal Institute - AI-GRS – December 2015 – General Review Specialist**
- **International Right of Way Association - R/W-AC – Right of Way Appraisal Certified – 2014**
- **Royal Institute of Chartered Surveyors – MRICS - 2008**
- **The Appraisal Institute - MAI – 2001**
- **Society of Real Estate Appraisers – SRPA - Senior Real Property Appraiser – 1990**

ASSOCIATION MEMBERSHIPS

The Appraisal Institute

National Board of Directors/Region VI Director for 2007-2011, Region VI Chair 2009-2010

Appraisal Institute Relief Foundation 2009-2012, President 2012

Audit Committee 2010-2011, Audit Committee Chair 2011

Strategic Planning Committee 2012-2013

National Nominating Committee 2017

Philadelphia Metropolitan Chapter President 2005

Member Board of Directors 2000 - 2006

Chapter Vice-President 2004

Regional Representative 2004 and 2006 to 2008

Public Relations Chair 2001-2003

Chapter Treasurer 2003

Chapter Secretary 2002

Participant in Appraisal Institute Leadership Advisory Development Council, Washington, D.C., April 6-9, 2003, March 9-11, 2005 and May 16-18, 2006

Member of Southern New Jersey Chapter of the Appraisal Institute

Former Society of Real Estate Appraisers

Secretary (1985-1986) and Vice-President

(1986-1988) Delaware Chapter #203 of the Society of Real Estate Appraisers

Chair, publications committee (1983-1984) and member of conference committee (1982, 1983, & 1985).

Royal Institute of Chartered Surveyors

Assessors' Association of Pennsylvania

PROFESSIONAL LICENSES

- ***Pennsylvania Certified General Appraiser #GA-000621-L (Initial Certification 1/28/92)***
- ***Delaware Certified General Real Property Appraiser #X1-0000416 (Initial Certification 4/4/05)***
- ***New Jersey Certified General Real Estate Appraiser #42 RG 00202500 (Initial Certification 6/8/05)***
- ***Pennsylvania Associate Broker #AB-046287-A (Initial Certification 3/7/87)***

PENNSYLVANIA DISADVANTAGES BUSINESS CERTIFICATION (DBE)

PA Disadvantaged Business Certification (DBE) PA UCP No: 11340 and SEPTA No: 2178-0914-3 as of September 17, 2014. Renewable annually on anniversary date for Real Estate Appraising Services NAICS Codes: 531320 Office of Real Estate Appraisers.

AWARDS

Recipient of Harrison-Winder Memorial Award presented by Philadelphia Metropolitan Chapter of the Appraisal Institute December 2015 in recognition for efforts in advancing the appraisal profession.

Recipient of Felice A. Rocca Jr. Memorial Award presented by the Philadelphia Metropolitan Chapter of the Appraisal Institute December 2011 in recognition of contribution advancing the Real Estate profession.

Recipient of Certificate of Appreciation from the Philadelphia Metropolitan Chapter of the Appraisal Institute for service to the chapter. Fourth time certificate awarded since 1955.

Coalition of Commercial Real Estate Associations, Recipient of 2004 Association Award for the Appraisal Institute for contributions to commercial real estate.

EDUCATIONAL BACKGROUND

Society of Real Estate Appraisers

Standards of Professional Practice

***Applied Income Property Valuation Course #202
Income Property Valuation Course #201
Applied Residential Property Valuation
Creative Financing/Cash Equivalency Seminar
Statistics Seminar
Apartment Appraising Seminar***

Appraisal Institute /American Institute of Real Estate Appraisers

***Advanced Income Properties
Case Studies in Real Estate Valuation
Standards of Professional Practice
Introduction to Appraising, Course 1-A
Report Writing***

Temple University Real Estate Institute

***Income Property
Housing, Design, and Construction
Real Estate Principles and Practices***

Rosemont College, Rosemont, Pennsylvania B.A. History and Political Science

LECTURER

***Philadelphia Bar Association, Family Law Division,
"Understanding the Residential Appraisal"***

***Board of Revision of Taxes, City of Philadelphia,
"Appraising Income Properties", Spring 1997
"Appraising Apartments", Spring 1999
"Income Approach", Spring 2001
"Real Estate Principles" and "Real Estate Mathematics", Fall 2001
"Highest and Best Use", Spring 2002
"Real Estate Mathematics" and "Real Estate Principles", Summer 2003
"Real Estate Mathematics" and "Real Estate Principles", Spring 2004
"Highest and Best Use", Summer 2004 and Fall 2004
"Cost Approach" and "Income Approach", Fall 2004 and Winter 2005
"Real Estate Principles", Spring 2007 and 2008
"Modules I, II, III and IV" for Certified Pennsylvania Evaluator (CPE), Assessors'
Association of Pennsylvania, Fall 2009, Spring 2010, Fall 2010***

***Approved Instructor by Assessors' Association of Pennsylvania for
Certified Pennsylvania Evaluator (CPE)***

CLIENTS – CONDEMNATION RELATED WORK

***Redevelopment Authority of the City of Philadelphia,
Contact – Valentino Pasquarella, SRA***

***Philadelphia Industrial Development Corporation
Contact - Thomas Dalfo***

State of Delaware – Department of Transportation

CONTINUING EDUCATION

- ***“Comprehensive Appraisal Workshop” - January 1991***
- ***Exam Prep for General State Certified Appraiser” – March 1991***
- ***“Comprehensive Appraisal Workshop” – January 1993***
- ***“Uniform Standards of Professional Appraisal Practice” March 1993***
- ***“Understanding Limited Appraisals” – October 1994***
- ***“Standards of Professional Appraisal Practice - Part A (USPAP)”
October 1995***
- ***“Standards of Professional Appraisal Practice - Part B (USPAP)” -
October 1995***
- ***“Market Extractions - Income Properties” - November 1995***
- ***“Dynamics of Office Building Valuation” – December 1995***
- ***“Assessment Procedures” – Appraisal Institute Seminar Spring 2000***
- ***“Market Makers” – September 2001***
- ***“License Law, Fair Housing and Related Legal Issues” – March 2002***
- ***“PA Appraisal Statutes, Regulations and Board Policies” – February 2003***
- ***“Mark-to-Market . . . The Next FIRREA?” – April 2002***
- ***“Leadership Development Advisory Council” – 9 hour Appraisal Institute Program–
April 2003***
- ***“The Technology Assisted Appraiser: New Tools to Help You become A Better
Appraiser: - September 2003***
- ***“Feasibility Analysis, Market Value and Investment Timing: Introducing The Impact of
Option Value” – October 2002***
- ***“Current Activities of the Appraisal Foundation” – October 2002***

- ***“Uniform Standards of Professional Appraisal Practice (USPAP)” – 7 hour Appraisal Institute course- May 2003***
- ***“Crossing the Line: Home Mortgage Fraud” – 7 hour Appraisal Institute course - Fall 2003***
- ***“Real Estate Finance: The Markets, The Number and The Impacts on Value” – 7 hour Appraisal Institute course - Spring 2004***
- ***“Appraising of Nursing Facilities” – 7 hour Appraisal Institute course- Summer 2004***
- ***“Valuing Environmentally Impaired Property” – 3.5 hour Association of Realtors School Course - January 2005***
- ***“PA Appraisal Statutes, Regulations and Board Policies”– 3.5 hour Association of Realtors School Course - January 2005***
- ***“Leadership Development Advisory Council” – 9 hour Appraisal Institute Program– March 2005***
- ***“The Essentials: What Every Appraiser Must Know”- 4 hour Appraisal Institute Course - May 2005***
- ***“Current Issues and Misconceptions in the Appraisal”- 4 hour Appraisal Institute Course- May 2005***
- ***“Maximizing The Value of An Appraisal Practice” – 4 hour Appraisal Institute Course- May 2005***
- ***“Attacking and Defining an Appraisal in Litigation III” - 4 hour Appraisal Institute Course - May 2005***
- ***“Supporting Capitalization Rates”- 7 hour Appraisal Institute Course - June 2005***
- ***“National Uniform Standards of Professional Appraisal Practice” - 7 hour Appraisal Institute Course - June 2005***
- ***“Marketing Analysis and Using the Site to Do Business” – 2 hour Appraisal Institute Course - June 2005***
- ***“Reappraising, Readdressing, Reassigning” - 3 hour Appraisal Institute Course - June 2005***
- ***“Expand Your Practice: Succeed as an Expert Witness” - 3 hour Appraisal Institute Course – September 2005***
- ***“Professional’s Guide to the Uniform Residential Appraisal Report” - 7 hour Appraisal Institute Course – November 2005***
- ***“Evaluating Commercial Construction” – 16 hour Appraisal Institute Course – April 2006***
- ***“Leadership Development Advisory Council” – 9 hour Appraisal Institute Program– May 2006***
- ***“Business Practices and Ethics” – 8 hour Appraisal Institute Course – August 2006***

- ***“Pennsylvania Appraisal Statutes, Regulations, Board Policies” - 2 hour Appraisal Institute Course – June 2006***
- ***“National Uniform Standards of Professional Appraisal Practice” - 7 hour Appraisal Institute Course – November 2006***
- ***“Rates, Returns & Investors’ Criteria in Today’s Market” - 2 hour Appraisal Institute Course – November 2006***
- ***“National Uniform Standards of Professional Appraisal Practice” - 7 hour Delaware Department of Transportation – March 2007***
- ***“Partial Interest Valuation - Divided” - 7 hour Appraisal Institute Course – April 2007***
- ***“Making Sense of the Changing Landscape of Valuation: Cool Tools” - 4 hour Appraisal Institute Course – July 2007***
- ***“Delaware State Regulations” - 2 hour Appraisal Institute Course – September 2007***
- ***“Washington Appraisal Summit” - 7 hour Appraisal Institute Course – September 2007***
- ***“Valuation in Government Sector – Valuation/Litigation Services – Shared Interest Group” - 7 hour Appraisal Institute Course – September 2007***
- ***“Understanding and Testing DCF Valuation Models” - 4 hour Appraisal Institute Course – October 2007***
- ***“Partial Interest Valuation – Undivided” - 7 hour Appraisal Institute Course – October 2007***
- ***“Understanding and Testing Discounted Cash Flow Valuation Models” - 4 hour Appraisal Institute Course – October 2007***
- ***“Uniform Standards for Federal Land Acquisition” - 16 hour Appraisal Institute Course – November 29, 30 2007- Dover, Delaware***
- ***International Right of Way Conference – 16 hours of seminars – January 13 and 14, 2009 Las Vegas, Nevada***
- ***Pennsylvania State Regulations – 2 hours – March 19, 2009 – Philadelphia, Pennsylvania***
- ***Appraising Distressed Commercial Real Estate: Here We Go Again – 8 hours Appraisal Institute Course – April 1, 2009 – Fort Washington, Pennsylvania***
- ***Introducing Valuation for Financial Reporting – 1 hour Webinar Appraisal Institute Course – April 16, 2009 – Fort Washington, Pennsylvania***
- ***Loss Prevention – 3 hours – April 17, 2009 - York, Pennsylvania***
- ***Associate Guidance Leadership Program – 4 hours Appraisal Institute Course – April 17, 2009 - York, Pennsylvania***

- *Appraisers/Assessors Working Together Thru Today's Economy – 3 hours Appraisal Institute Course – April 21, 2009 – Deptford, New Jersey*
- *7-Hour National Uniform Standards of Professional Appraisal Practice Update Course – 7 hours Appraisal Institute Course – June 5, 2009 – Deptford, New Jersey*
- *Legislative, Regulatory, and Judicial Update – 2 hours Appraisal Institute Course – June 18, 2009 – Philadelphia, Pennsylvania*
- *Residential Development: Valuation Trends, Issues and Challenges – 1 hour Appraisal Institute Course – October 28, 2009*
- *Valuation of Detrimental Conditions – 8 hours Appraisal Institute Course – November 18, 2009 – Ft. Washington, Pennsylvania*
- *Business Practices and Ethics Course – 8 hours Appraisal Institute Course – December 2009 – Deptford, NJ*
- *Analysis, Modeling & Repositioning of Distressed Real Estate Assets – 16 hours Urban Land Institute – December 9 and 10, 2010 – Fort Lauderdale, FL*
- *Extensive additional course work completed between 2010 and 2017 including a 30 hour Appraisal Review course completed with the Appraisal Institute in February of 2014.*

TESTIMONY

Testified before Delaware Superior Court, Pennsylvania Court of Common Pleas, Federal Bankruptcy Court, Philadelphia Zoning Board, City of Philadelphia Board of View, City of Philadelphia Board of Revision of Taxes, Delaware County Tax Appeal as well as depositions. Currently serving on City of Philadelphia Board of View hearing condemnation cases.

-

2018-06

DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO Box 2649 Harrisburg PA 17105-2649

18 0031649

Certificate Type
Certified General Appraiser

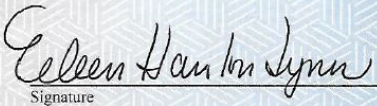
Certificate Status
Active


Initial Certification Date
01/28/1992

Expiration Date
06/30/2019

EILEEN HANLON LYNN
3200 SCHOOL HOUSE LANE
PHILADELPHIA PA 19144

Certificate
Number
GA000621L


Signature


Commissioner of Professional and Occupational Affairs

ALTERATION OF THIS DOCUMENT IS A CRIMINAL OFFENSE UNDER 18 P.A.C.S. §. 4911

SAM MILD
PENNSYLVANIA STATE CERTIFIED REAL ESTATE APPRAISER
and CONSULTANT

PRIOR EXPERIENCE

Appraiser, Mastroieni & Associates, Plymouth Meeting, PA
Technical manager, Dry Cleaning Computer Systems, Inc., Norristown, PA
Self employed landlord, property manager, general contractor, Norristown, PA
Various positions in information technology

SPECIAL EXPERTISE

Data collection and analysis.
Web-based demographic and market research.
Technical advisor on PC hardware and software, networking, Internet access and usage.
Representative appraisal assignments include:

- Conversion of urban office and industrial buildings into residential condominiums
- Valuation of triple net lease properties, especially big box retail stores
- Consulting with school districts on property tax appeals, ranging from preliminary reviews to completion of self-contained appraisals
- Consulting with private industry or departments of transportation on right-of-way takings for pipelines and roadways, including strip takings and full before and after appraisals
- Valuations for municipal governments that wish to acquire privately-owned property through purchase or eminent domain
- Real estate valuations for charter schools that lease or own their space
- Valuations of subsidized multi-family properties

EDUCATION

Yale University - Bachelor of Arts - 1972, New Haven, Connecticut
University of Pennsylvania - Graduate study in anthropology, Philadelphia, PA

DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO Box 2649 Harrisburg PA 17105-2649

18 0026756

Certificate Type
Certified General Appraiser


Certificate Status
Active

Initial Certification Date
11/17/2006

Expiration Date
06/30/2019

SAMUEL L MILD
1041 Terrace Lane
Pottstown PA 19464

Certificate Number
GA003555


Commissioner of Professional and Occupational Affairs


Signature

ALTERATION OF THIS DOCUMENT IS A CRIMINAL OFFENSE UNDER 18 P.S. 4911